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Daily Report
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FBIS-EEU-94-246 *22 December 1994*

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Italian Official Joins Conference on Yugoslavia

AU2112193594 Paris AFP in English 1915 GMT 21 Dec 94

[FBIS Transcribed Text] Geneva, Dec 21 (AFP)—An Italian Foreign Ministry official has been appointed to the international conference on former Yugoslavia, the organisation's two co-chairman said Wednesday.

Alfredo Matacotta Cordella will join the conference in January, Lord Owen and Thorvald Stoltenberg announced. He will initially be tasked with monitoring the application of a economic accord signed December 2 between the Croatian Government and the republic's separatist Krajina Serbs. Aged 50, he participated in Serbo-Croatian peace talks in 1991-92.

The conference, which periodically sponsors peace talks between Bosnia's warring parties here, is also attempting to resolve conflicts in other parts of former Yugoslavia, notably Croatia, Macedonia and the Albanian-majority Serbian Province of Kosovo.

Informed sources said European Union mediator Owen and his UN counterpart Stoltenberg earn monthly net salaries of $20,400.

Black Sea Economic Cooperation Meeting Ends

AU2112195294 Tirana TVSH Television Network in Albanian 1900 GMT 13 Dec 94

[Report by Aferdita Sokoli and Armir Shkurti]

[FBIS Translated Text] [Sokoli] This morning, the fourth plenary session of the Parliamentary Assembly of the Black Sea Economic Cooperation [PABSEC] started its second day by considering cultural, educational, and social issues. Reports were presented for the roundtable of the Black Sea capital cities, the meeting of governors and mayors of capital cities of the Black Sea Economic Cooperation member states, and a report on preserving the cultural heritage of PABSEC member countries.

Representatives of various delegations debated these reports, presenting problems relating to their countries and relevant proposals for solving them. The participants voted on the reports and respective recommendations.

Political issues were discussed during the afternoon. Our delegation presented a report on issuing visas between the PABSEC member countries.

[Shkurti] This afternoon Rudolf Marku, the leader of our delegation, called for the abolition of visas for government officials, parliamentary deputies, businessmen, and journalists from the nine PABSEC member countries. In general, the participants in the discussion accepted that vises should be abolished, but feared that this might give rise to abuses. The greatest fears related to drug and arms traffickers. The greatest objections were raised to abolishing visas for journalists. Rudolf Marku resolutely advocated visa-free travel for journalists from the nine countries. His proposal was approved by vote. Just a passport would suffice for businessmen and journalists to freely travel to Romania, Turkey, Russia, and Ukraine. If Greece and Bulgaria, which are attending as observers at present, become members, our businessmen and journalists will be able to travel without visas to these two countries as well.

At the end of the session, Pjeter Arbnori thanked the delegation for the confidence shown by appointing him chairman of the assembly for the first six-month period in 1995. Arbnori assessed the Tirana session and his appointment as head of the assembly as a mark of increased respect for Albania as an open democratic country following a peaceful policy and recognition of Albania as a factor for stability in the region.

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Prime Minister Concludes Official Visit to Cairo

AU2112161294 Tirana TVSH Television Network in Albanian 1900 GMT 18 Dec 94

[Report by Amalia Dhamo]

[FBIS Translated Text] Concluding his visit to Cairo, Prime Minister Aleksander Meksi and Egyptian Prime Minister Sidqi met again yesterday and exchanged opinions on the results of the visit. Both sides confirmed that the results were promising as regards expanding cooperation between the two countries in fields of reciprocal interest, such as the economy, culture, science, etc.

During the meeting, Mr. Meksi reiterated the fact that the current relations between the two peoples and countries will be strengthened in the future. He based this on the historical ties and traditional friendship that have existed—and continue to exist—between the two countries and the great role that Muhammad Ali, of Albanian origin, has played in creating modern Egypt.

Prime Minister Meksi and the delegation accompanying him later held a meeting with Egyptian Deputy Prime Minister Yusuf Wali and representatives of Albanians living in Cairo.

Of interest was the visit that the Albanian delegation made to Cairo's industrial area and to Kato Aromatik, one of the big Egyptian companies in the light and food industries. Meksi and his delegation were received by Ibrahim Kamel, the company's general director in Cairo.

Kato Aromatik has a presence, through its factories, in 12 countries of the world. The company is continuing construction of a food complex in Albania as well.

At the meeting, after praising the quality of the company's products, the prime minister stressed that the Albanian Government is ready to create facilities for every serious foreign investor who wants to come to Albania.

Concluding the official visit to the Arab Republic of Egypt, Prime Minister Meksi and his accompanying delegation returned home this afternoon.

Arbnor, Russian Visitor, Exchange Briefings

AU2112203294 Tirana TVSH Television Network in Albanian 1900 GMT 12 Dec 94

[Report by Armir Shkurti]

[FBIS Translated Text] People's Assembly presidency chairman Pjeter Arbnori has received Valerian Viktorov, deputy chairman of the Council of the Russian Federation, and other members of his delegation.

Arbnori and Viktorov briefed each other on the transition following the fall of communism. They explained how their parliaments function and gave several examples from the economic reforms.

Describing Albania's foreign policy as open and based on not changing borders through violence, Arbnori mentioned the fate of Albanians who live in what remains of the former Yugoslavia, particularly in Kosova. Arbnori said he thinks this problem can be solved by talks between Belgrade and Prishtina, with the mediation of a third party, as Serbia has given no evidence of goodwill.

Arbnori announced that next year, in February or March, he will return the visit of the chairman of the Russian Parliament, and he expressed his desire to strengthen relations with Moscow. We do not want our friendship to run counter to Russia's traditional friendships, but ask you to help in defending our rights, Arbnori said.

Viktorov said he visited Russian peacekeeping troops in Bosnia and that he was pleased that his country's soldiers do not make any distinction between the Serbian and Bosnian populations. Viktorov supported solving the issue of the Albanians in Kosova by means of negotiation. He also agreed that a third, powerful country—such as the United States or Russia—should mediate. However, first of all, before talks can begin, the will of both sides is needed.

To strengthen relations between the two countries, the Russian delegation agreed to the idea of exchanging parliamentary delegations at all levels.

Commission Chairmen Meet Visitor

AU2112203394 Tirana TVSH Television Network in Albanian 1900 GMT 13 Dec 94

[Report by Aferdita Sokoli]

[FBIS Translated Text] During breaks in the proceedings of the fourth plenary session of the Parliamentary Assembly of the Black Sea Economic Cooperation [PABSEC], Eduard Selami, chairman of the Parliamentary Commission on Foreign Policy, met Valerian Viktorov, who is chairman of the Russian delegation to this assembly and deputy chairman of the Council of the Russian Federation Council. During the meeting, the men discussed contacts between the relevant commissions in the two parliaments.

Azem Hajdari, chairman of the Parliamentary Commission for Defense, Order and ShIK [National Information Service], met Viktorov and discussed bolstering further the relations between our two parliamentary commissions.

Viktorov held a further meeting with Ylli Bufi, chairman of our Parliamentary Commission for Industry, Transportation, and Trade.

Foreign Ministry Statement on Tetovo University

AU2112162594 Tirana TVSH Television Network in Albanian 1900 GMT 18 Dec 94

[Albanian Foreign Ministry statement issued in Tirana on 18 December—read by announcer]

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[FBIS Translated Text] The Foreign Ministry of the Republic of Albania expresses its concern over the tense situation and the violence perpetrated to hinder the opening of the Albanian University of Tetove.

The acknowledgment of fundamental human rights for all the peoples in our region serves to expand the democratic space and [serves] long-term relations among them. Being deeply interested in the stability of, and in cooperation with, the Former Yugoslav Republic of Macedonia [FYROM], Albania considers that the affirmation of the right to education for Albanians in Macedonia, in conformity with international acts and the country's legislation, serves Macedonia's stability and not its instability.

Albanians have put forward their demand in a judicial way, based on Article 45 of the Macedonian Constitution acknowledging the right of the citizens of this state to open private schools at all levels except primary schools, and on Articles 222 and 228 of the Macedonian Law on Education. The demand has been approved by the assemblies of Tetove, Gostivar, and Diber communes and has been supported by all political forces and the Albanian population in Macedonia.

The opening of this university reflects a legitimate need on the part of Albanians in Macedonia to have universitites. Albanian students in Skopje and Manastir Universities constitute only 1.5 to 2 percent of the total number of students, and the number of Albanians in the state administration amounts to approximately 3 percent, at a time when the official figure on the number of Albanians in Macedonia is 23 percent. The University of Tetove will respond by filling an inherited gap and fulfilling the commitment by the Macedonian Government and President Gligorov to integrate Albanians into the Macedonian state.

Not only do educated Albanians not threaten the stability of Macedonia but, on the contrary, they will increase their participation and their role, as equal citizens, in the stability of this republic. On the other hand, the discrimination against Albanians serves those who are nostalgic for the old regime and the forces that seek to cause trouble and ethnic conflicts inside the new Macedonia.

The use of violence to trample the desire to receive education is unacceptable not only for all Albanians wherever they are but also for Macedonian forces that are truly, genuinely democratic and for the international community.

The Albanian Foreign Ministry determinedly supports the promotion of a law-governed state and European contemporary standards in all territories where Albanians live. Although contributing to the university education of Albanians in Macedonia, Albania cannot meet their demands through education in Albanian universities. However, Albania can offer the assistance of its educational institutions and, in cooperation with Macedonian authorities, can contribute to the benefit of the University of Tetove and other Albanian educational institutions in that republic. Such a practice between educational institutions of Albania and the former Yugoslavia has, in the past, turned out to be quite positive.

The Albanian Foreign Ministry expresses its conviction that such cooperation will serve harmony and the long-term interests of our countries and peoples and the whole region in general. The ministry insists on the fact that not violence against Albanians but rather dialogue and understanding are conditions for interethnic harmony in the Republic of Macedonia, and they would respond to great and serious efforts that both our governments and countries have made and continue to make in developing understanding and cooperation in the bilateral and regional interest.

Paper Criticizes Membership in Islamic Conference

AU2112162994 Lezhe KOHA JONE in Albanian 17 Dec 94 pp 1, 3

[Article by Ben Blushi: "The Islamic Conference: a Garland or a Millstone Around Albania's Neck?"]

[FBIS Translated Text] When Sali Berisha turned his head toward the Islamic world two years ago and signed up Albania as a member of the Islamic Conference Organization [ICO], he did not give any explanation to the 3 million Albanians who expected a justification of this act. Even today, two years later, Berisha and his administration have still not given any meaning to the signatures they have put to the ICO's documents. They continue to reply to invitations coming in the name of the Koran and in the name of defending the Islamic faith.

During this week alone, Deputy Foreign Minister Arjan Starova has taken part in two meetings of Muslim leaders. At the beginning of the week he was in Geneva at the 22d conference of the foreign ministers of Islamic countries; he has also, for the last three days, followed the proceedings of the seventh ICO summit meeting in Casablanca, Morocco. Starova asked the Islamic world's foreign ministers for support for Kosova, for the sake of averting a third Balkan war. Starova also called for the return of CSCE observers to Kosova. Berisha had asked for the same thing a few days earlier, at the CSCE summit in Budapest. However, in contrast to his own president, Starova asked for CSCE observers from an organization that has absolutely nothing in common with the CSCE. The Casablanca meeting indeed showed that there is a tendency to turn the ICO into a kind of CSCE of the Islamic world, but this conference cannot at present assume such a role outside the territories of the Islamic countries. Like the CSCE conference in Budapest, the Casablanca conference was devoted to Bosnia. However, if the European leaders in Budapest sought political and possibly military solutions for Bosnia, the

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solutions offered by the Muslim leaders passed through the filters of the religion of Islam. For the Islamic leaders, the Bosnians are not a persecuted people but persecuted Muslims.

Albania's requests addressed to the ICO also pass through religious intermediaries. The ICO treats the Kosovars, like the Bosnians, as Muslims, and Albanian delegations at Islamic conference tables acquiesce in this, showing that Albania has still not separated politics from religion.

When Albania joined the ICO, it was said that this step was being taken for the sake of Kosova. Hopes were pinned on these Muslim brothers who had already come to the help of the Bosnian Muslims. However, all the attempts at peace and cease-fires have so far been made by other institutions and organizations, not by the ICO. If the Islamic countries indeed want to help Kosova, let them officially recognize the Republic of Kosova, because inviting a Kosovar delegation to attend the proceedings of the ICO in Casablanca is merely hand-wringing. However, they do not seem to be eager to recognize the Republic of Kosova before the West does. For better or for worse, it is the West that both initiates and applies ideas in Bosnia, Kosova, and Macedonia. The same is true in such hot spots as Somalia, Kuwait, Iran, Iraq, Afghanistan, Palestine, and Jordan, all ICO member-countries. A request from Albania for the recognition of the Republic of Kosova, laid before the divans of Islam, would have been much more rational than the appeal for the return of CSCE observers that was laid before these same divans. That would have been a test of brotherhood.

Two years after joining the ICO, Berisha's administration must take stock of what results have been forthcoming, from sitting down on these Islamic divans. If Albania joined the ICO solely for the sake of Kosova, then the effort has been in vain. The Islamic countries are powerless to influence the fate of Kosova, just as they are impotent over Bosnia. They might indeed supply both Kosova and Albania with weapons, but that would lead to repercussions in Bosnia.

On the other hand, if Albania has joined the ICO on her own account, this effort too has failed, when one totes up what has been lost and what has has been gained. The investments and aid sent to Albania from Islamic countries are inconsiderable compared with those from Europe. Meanwhile, the seal of the Koran that the ICO has set on Albania becomes the mark of a branding iron whenever Albania sits down at the tables of Europe in order to ask for aid, integration, and a solution to the nationalities question. Most Islamic investments are for the repair or reconstruction of mosques. Minarets, not chimneys or apartment blocks, are springing up in Albanian towns. Politically, the Albanian administration has been led astray by the Islamic countries. It may be accidental, but the five members of the Greek minority were arrested only a few days after Ankara's arrest of the five Kurdish deputies. By signing the Islamic pact, Berisha has made the same mistake as thousands of Albanian refugees arriving in Greece: For a crust of bread, they changed their religion and their names. However, while theirs was a personal mistake, Berisha's is national. By signing the Islamic charter, Berisha automatically turned all Albanians into Muslims. Those who do not consider themselves to be such have the right to demand rights as a religious minority. Albania became an ICO member without the approval of the legislature. The Albanian legislature has still not ratified ICO membership, which is as absurd as it would be for Sweden to join the EU without ratification by its legislature.

The Albanian administration will not surrender the Islamic card even while it is making more intensive efforts for integration in the Council of Europe. Deputy Foreign Minister Starova's attendance at the two ICO meetings took place in parallel with the CSCE meeting in Budapest, at which Albania again asked for membership in Europe. This year, the president has not attended any of the ICO's meetings. If he has realized that it is not too late to throw away a card that Albania does not need, there is still time. Let him hand over the Islamic pact to the legislature. The legislature will not repeat the president's mistake by ratifying it.

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Videnov on Possibility of Better Balkan Relations

AU2112205594 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT

["Excerpt" from an "exclusive" interview with Zhan Videnov, president of the Bulgarian Socialist Party, by Zoran Zivkovic; place and date not given—recorded; in Bulgarian with superimposed translation into Serbo-Croatian]

[FBIS Translated Text] [Zivkovic] To what extent will your arrival in parliament through the front door—that is, securing a majority in it—influence relations with Serbia and Yugoslavia?

[Videnov] I believe that artificially created aggressiveness, tension, and coldness will disappear from the relations between the two counties and that relations will develop successfully in the future. Bilateral relations, of course, depend on the direction of the peace process in the former Yugoslavia, especially in Bosnia. However, we maintain categorically that this process must be assessed impartially and objectively. Its objective progress should lead toward a change in the European and international attitude toward the sides involved in it, including Serbia and Yugoslavia. The time has come to gradually reexamine the fundamental premises that are significant for us, the Balkan states, insofar as they touch upon bilateral relations among the neighboring countries.

Bulgaria should be one of the countries to insist on an as-fast-as-possible, peaceful, and lasting resolution of the crisis, and a restoration of the normal situation in the international relations in the Balkans.

There are no obstacles to Bulgaria and Serbia starting work on this now.

OSD Advocates 'Government of National Consensus'

AU2112174494 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 21 Dec 94

[FBIS Translated Text] After winning the elections to the 37th National Assembly with an absolute majority and assuming the responsibility of ruling the country, the BSP [Bulgarian Socialist Party] will have the opportunity to show, in practice, what kind of party it is and to what extent it has changed. Dimitur Yonchev made this statement today at the news conference of the Alliance for Social Democracy [OSD] within the BSP.

For his part, Rosen Karadimov commented: I do not believe that the apparatus principle gained the upper hand within the BSP in these elections.

At the news conference, the view was expressed that the OSD advocates a government of national consensus, and that what is important at the moment is to establish a dialogue free of political prejudices between the BSP, the trade unions, and the extraparliamentary political forces.

Chavdar Kyuranov emphasized that the OSD is of the view that the BSP will approach all the political forces that gained seats in parliament with a view to forming a coalition government. In his opinion, the issue of whether a real center will be formed in the National Assembly to exert influence on decisions depends on the position that the People's Union adopts.

DAR Leaders State Views Following Elections

AU2112180694 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 21 Dec 94

[FBIS Translated Text] The DAR leaders said at a news briefing today that from now on, the Democratic Alternative for the Republic [DAR] will have time to deal with its own affairs, such as tightening up its organization and making an analysis of its election campaign. Petur Dertliev and Aleksandur Tomov declared that DAR will not agree to compromise its principles in return for any possible ministerial posts in the future BSP [Bulgarian Socialist Party] government.

Tomov emphasized, further: It will be very difficult to rule the country during the next two years, and it would be a good thing for the BSP to assume full responsibility for its period in government.

Union of Democratic Forces To Choose New Leaders

AU2112144294 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 21 Dec 94

[FBIS Translated Text] The mandate of the leadership of the Union of Democratic Forces [SDS] expired today. Filip Dimitrov, chairman of the SDS Coordinating Council; his deputies; and the SDS chief secretary will not be candidates for a leading post.

In the future, the SDS will be led by a chairman, one deputy chairman, and a secretary. Filip Dimitrov said that the goal of the new structure is to consolidate and centralize the SDS.

So far, Petur Stoyanov has been proposed as the new leader. Candidacies will be proposed until 27 December. The election will take place on 29 December.

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Russia Seeks Debt Repayments Through Barter

AU2212082494 Prague HOSPODARSKE NOVINY in Czech 15 Dec 94 p 2

[Jiri Polak report on interview with Deputy Finance Minister Vladimir Rudlovcak; place and date not given: "We Will Probably Not Be Able To Liquidate Company Claims Through Goods Deliveries Alone"]

[FBIS Translated Text] According to a Czech-Russian intergovernmental agreement, claims of Czech enterprises in Russia amounting to roughly $300 million could be unfrozen [deblokovany] by the end of 1995 through deliveries of goods. Assuming that all claims will be unfrozen through deliveries of goods in the course of next year would, however, be unrealistic, Deputy Minister of Finance Vladimir Rudlovcak told HOSPODARSKE NOVINY in an interview. For at least a part of those claims, the agreed installment plan will be applied, under which company claims that will not be unfrozen through barter operations by the end of 1995 will be settled in cash by 1998, in annual payments of a maximum of $70 million.

The volume of claims that will be liquidated through deliveries of goods will depend on how this operation will take off. Estimating the dynamism of the unfreezing process is difficult because there is no previous experience, Vladimir Rudlovcak conceded. However, the Russian side wants to promote exports by some of its companies. "It is possible that, in the course of next year, we will manage to conclude contracts for a larger volume of goods and a longer period of time than envisaged in the intergovernmental agreement," the deputy minister pointed out.

A part of the Russian debt could be liquidated through debt-for-equity swap [kapitalizace dluhu]. However, debt-for-equity swap projects are not tied to company claims but to other components of the restructured Russian debt toward the Czech Republic (which amounts to roughly $3.5 billion on aggregate). The task of the joint debt-for-equity swap commission is to prepare projects so that their implementation can start immediately after the requisite legislation is passed in Russia. The argument that the progress of privatization in Russia narrows the scope for debt-for-equity swap projects is essentially correct, Vladimir Rudlovcak admitted. There is, however, a group of companies that have not entered privatization at all, or only partially. Russia reckons with some of these companies for the redemption of its debts through debt-for-equity swap operations. Czech entities intending to take a property stake in Russian companies should be prepared to have to invest their own funds, or the funds of a foreign partner who will become involved in the project along with them. This is because, in the event of several projects being submitted, those projects will be chosen that will seek not just the establishment of a joint venture but that will offer cash investment as well. For the Czech Republic it is important that debt-for-equity swap projects unfreezing state debts guarantee that at least the same amount of money gets into the state budget, and not later, than in the event of the standard functioning of the intergovernmental agreement. The installment plan for our companies' payments to the state, and the discount [disazio] they will be able to retain, will probably be set individually, depending on the quality of their projects, Vladimir Rudlovcak said.

Klaus Comments on Relations With Slovakia

LD2112130494 Prague Radiozurnal Radio Network in Czech 1100 GMT 21 Dec 94

[Interview with Prime Minister Vaclav Klaus by Miroslav Konvalina; place and date not given—recorded]

[FBIS Translated Text] [Konvalina] Prime minister, the second anniversary of the Czech State's coming into being is drawing nearer. Slovakia is facing the same anniversary. Our neighbor in the East has finally got a new government headed by Prime Minister Vladimir Meciar. Does this mean that the political distance between Prague and Bratislava will be growing steadily? Furthermore, will there be any considerable change in Czech-Slovak relations?

[Klaus] No particular government will change the number of kilometers between Prague and Bratislava, of course. I think that our relations with Slovakia remain the same. This means friendly and neighborly relations backed by the knowledge of our common past and by the awareness of being neighbors. Undoubtedly this will have to be a good neighborhood.

I will not let myself be drawn into considerations, which I am being pushed into, as to whether this government is better or worse than the last one.

We basically need one and only one thing—otherwise it is a domestic Slovak matter. The one and only thing we need is a stable government, a government that gives us a guarantee that if we talk to it today, we shall be able to talk to it tomorrow, the day after tomorrow, and later. It would not be good for us if it were a short-term government. Other than that it is up to Slovak voters who have undoubtedly chosen a government according to their own ideas.

[Konvalina] Do you think that this Slovak Government is here to stay, that there are conditions for it to stay on?

[Klaus] It is not up to the prime minister to speculate about this. It is up to you, the journalists to speculate and think about this.

Ministry Drafts Nuclear Waste Disposal Concept

AU2112131994 Prague LIDOVE NOVINY in Czech 14 Dec 94 p 2

[Report by "(pol)": "Nuclear Waste Will Probably Remain at Home"]

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[FBIS Translated Text] Prague—The concept for disposing of nuclear waste, drafted by the Trade and Industry Ministry (MPO), reckons that the producer will bear all the costs associated with the disposal of waste. According to MPO staff, this idea is in harmony with the main principle contained in the forthcoming nuclear law.

The concept also reckons that nuclear waste will be disposed of on the territory of the republic and "by our own efforts." During the first phase, when it has to be cooled, it should be stored in so-called cooling reservoirs near the nuclear power plants. After this, it should be transferred to an interim storage area. One of these is already under construction in Dukovany (with a capacity of 600 metric tons); however, a site is now being sought for the construction of a central interim storage area. In the future, nuclear waste from Dukovany and the Temelin nuclear power plant should be brought here. In the meantime, Czech Energy Plants (CEZ) is surveying 10 localities where an interim storage area with a capacity of 3,000 metric tons could be built. According to the aforementioned concept, its operation should come to an end in the year 2054; it would then be abandoned by the year 2060. The last phase of disposing of waste is its consignment to a deep storage area. The concept reckons that the operation of the storage area should commence around the year 2030. According to information from the MPO, so far, the preparations for the deep storage area are at the level of research work. A so-called council of six is dealing with this: The State Office for Nuclear Safety, three ministries (environment, economy, and trade and industry), CEZ, and the Nuclear Research Institute in Rez.

Experts Pessimistic About Illegal Drugs Situation

AU2112132394 Prague MLADA FRONTA DNES in Czech 13 Dec 94 p 3

[Report by "(rep)": "The Experts Believe That the Illegal Drugs Market Will Grow"]

[FBIS Translated Text] Prague—Drug experts issue forecasts that, in the coming years, the domestic drugs problem will get even worse, first and foremost, because of the increasing influence of the narcotics mafias. The authors of the first extensive epidemiological study by the Health Ministry on drug abuse—which focussed on adolescents—have forecast that the Czech Republic will become a country in which the narcotics mafias will launder money and where they will attempt to penetrate high-level politics.

Specialists from the counternarcotics police also concede that the country has become an important territory for the narcotics mafias and they believe that it is used to launder money made from dealing in narcotic substances. Among other things, they point out that the Czech Republic is already a target country for drug deals and that the amount of narcotics seized is ever increasing. From the beginning of the year to August, the police seized 150 kg of heroin, more than 20 kg of cocaine, and arrested 220 people involved in the production and sale of drugs.

The study's authors also believe that the number of drug users will also increase substantially. In the republic today, one-third of adolescents admit that they have tried drugs.

According to a report published yesterday by the University of Michigan, the comparable figure in the United States is 50 percent. The U.S. experts, however, consider drugs at elementary schools, where one-quarter to one-third of children take them, to be the greatest threat.

The situation in elementary schools in the Czech Republic has not been mapped out; however, random reports confirm that many Czech schoolchildren have also tried drugs. Namely, third-grade teachers are turning to advice centers for help.

The experts do not believe that it would be possible to curb the availability of drugs in the foreseeable future. Therefore, according to them, society should focus its attention on prevention and on teaching children to refuse drugs.

Prague Municipal Council, for example, has earmarked 11.5 million korunas from the municipal budget for the fight against drugs next year. In 1992, there were some 5,000 people in Prague who took drugs. Research has shown that, since then, their number has at least doubled.

Daily Analyzes EU Integration Issues

AU2112134294 Prague MLADA FRONTA DNES in Czech 12 Dec 94 p 8

["Analysis" by Jan Zizka: "Prague Welcomes Anything That Brings the Union Membership Closer"]

[FBIS Translated Text] Essen (From a special correspondent)—The Czech delegation that for the first time ever took part in the European Union [EU] summit, in Essen, Germany, emphasized what has for a long time been the backbone of Czech foreign policy with respect to the EU. Nevertheless, the journalists present discovered a new shift, above all, in the approach of the Prime Minister Vaclav Klaus, who attempted to avoid making critical statements toward the Union or regional cooperation.

The Czech representatives continue to look for the key for admission, above all, at home—in the economy and social transformation. Subsequently, they try to convince foreign partners of their success.

Klaus refused all speculations on whether the aspirants for admission to the Union could have elicited a more accommodating attitude at the summit, and indicated that Prague welcomes every step by the EU that brings Czech membership closer. The affiliation strategy

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adopted in Essen for the six associated countries (Hungary, Poland, the Czech Republic, Slovakia, Romania, and Bulgaria), according to him, certainly is such a step.

The Czech prime minister was not lacking his usual optimism, and said in his speech that the Czech Republic will harmonize its political, economic, and social system with the Union-member states in the near future. "We will reach the compatibility point several years before the end of the century," he said.

While, such a statement could have been perceived—particularly by the other associated countries—as a demonstration of the "Czech haughtiness," Klaus, on the other hand, did not rule out cooperation and exchange of experience with these countries. Foreign Minister Zieleniec also emphasized that joining the EU is a matter of individual efforts but, at the same time, gave his support to regional interaction.

Klaus, like other members of the Czech delegation, did not mind that the antidumping measures against goods from the East on the part of the EU will not be removed as fast as was expected, and that the associated countries were not invited to attend the entire summit as was rumored in diplomatic circles at the beginning of the German chairmanship. Namely, the prime minister views even the appropriate section of the affiliation strategy concerning the antidumping to be a step forward. He also finds encouraging the promise on the part of the Union to inform in advance about such measures.

Klaus did not manage, however, to escape all "skepticism" regarding the future of the EU, as he stated at a news conference upon return from Essen that the terms of the Maastricht Treaty regarding the introduction of an EU common currency are not very likely to be implemented. It is not without interest that a similar statement by a French presidential hopeful Jacques Chirac recently horrified Europe, and German emissaries immediately left for France to learn of Paris' intentions.

Prague considers the Essen strategy to be the foundation of the Czech rapprochement with the Union. Zieleniec said that only the upcoming talks on membership will bring more specific conclusions. They are to begin after the intergovernmental conference, which is planned for 1996. According to the EU experts, there will be a several year-long transition period prior to full membership—just like in the case of Spain or Portugal. The entire process—starting today—should culminate in the admission of the Czech Republic to the EU in approximately 10 years. The Czech representatives believe, however, that only half of this time will be needed.

Arms Company Fails to Obtain Trade License

AU2112124194 Prague RUDE PRAVO in Czech 13 Dec 94 p 2

[Report by "(zs)": "Sellier and Bellot Are Without a License"]

[FBIS Translated Text] Prague—The monopoly manufacturer of ammunition, Sellier and Bellot, has not obtained a license to conduct foreign trade in military material. According to the news program broadcast on NOVA Television on Monday [12 December], the reason for this is—among other things—the fact that some members of the company's management team do not comply with the screenings law.

The Vlasim-based company exports mainly hunting and sporting ammunition. Admittedly, only 1-2 percent of its output is made up of 7.62-mm cartridges for Kalashnikov submachine guns, but the fact that the only Czech manufacturer has not obtained a license may mean the loss of important markets. The Trade and Industry Ministry did not grant the license, because the shareholding company did not apply for it directly, but through a subsidiary company. This was, obviously, in an attempt to get round the law containing the condition stipulating a clean record (that is, a screenings certificate) on the part of those applying for a license to conduct trade in weapons.

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European Union Ratifies Association Agreement

AU2212114394 Bratislava PRAVDA in Slovak 20 Dec 94 p 1

[TASR report: "Ratification Approved"]

[FBIS Translated Excerpt] Brussels—The European Union [EU] Council of Ministers of Foreign Affairs approved in Brussels yesterday the European Agreement on Association between the EU and the Slovak Republic, which had been signed on 4 October 1994. This was announced by Klaus Kinkel, acting chairman of the EU Council and FRG minister of foreign affairs, following the conclusion of this year's last meeting of the EU chiefs of diplomacy. The agreement, which secures gradual accession to the free trade zone and regular political dialogue as preparation for future EU membership, will come into force on 1 February 1995. [passage omitted]

Crude Oil Deliveries Accord Signed With Russia

AU2212101094 Bratislava SLOVENSKA REPUBLIKA in Slovak 19 Dec 94 p 1

[TASR report: "Crude Oil Protocol"]

[FBIS Translated Text] Moscow—Representatives of the Russian Federation and the Slovak Republic signed a protocol on long-term deliveries of crude oil to Slovakia in Moscow. The protocol, which the new Slovak Government approved at its first meeting on 15 December, sets the timetable and volume of crude oil deliveries in January 1995. In the protocol, the Russian side simultaneously confirmed that the volume of crude oil deliveries in 1995 will reach up to 5 million tonnes.

Meciar, Finance Minister Interviewed

LD2212033694 Bratislava STV 1 Television Network in Slovak 2000 GMT 20 Dec 94

[Interview with Prime Minister Vladimir Meciar, and Sergej Kozlik, finance minister and deputy prime minister for economy, by unidentified journalists in Bratislava; from the "Pressclub" program—live]

[FBIS Translated Excerpt] [Announcer] After a long break of several weeks, the program reporting on government sessions, the so-called "Pressclub" broadcast from the Hotel Kiev in Bratislava, is back. Today for the first time I welcome to the studio the representatives of the new government, which was, on the proposal of Vladimir Meciar, appointed by the Slovak president last week. Prime Minister Vladimir Meciar and Sergej Kozlik, deputy prime minister and finance minister, are the guests of today's "Pressclub." Welcome.

At the same time I welcome journalists who are most likely to be interested in the issues surrounding the provisional budget for 1995 which is the focus of our discussion today. [passage omitted]

My first question is: What macroeconomic premises were taken into consideration when drafting the provisional budget, and what is the difference between your premises and the premises drawn upon by your predecessors?

[Meciar] [Passage omitted] We expect that we will present the proper budget to the National Council by the end of January. It could be approved during January. We rely on a rather different concept and also a different process of approving the budget. [passage omitted]

But you asked about the difference. First of all there is a difference in the ability to cover our own needs. Contrary to the previous draft budget, we assume that we will not be forced money from the National Property Fund [FNM] to cover the deficit and that is despite the increased debt servicing. In fact, there is no money in the FNM, there is minus 7.1 billion korunas according to the information [word indistinct].

The second difference rests on our assumption that the funds directed to the building industry as well as other development projects will be take from the [word indistinct] part of the budget. That means that the essential sources facilitating the revival should come from here so there would be a different distribution of expenditures.

The third aspect we found important, though it is not explicitly included in the budget, is making up for what happened in 1994, when no bases for future profits in 1995 were set up. We will try to manage the situation so that not only the year 1995 is balanced but in February 1995 we will start working hard on the profits and income of 1996 which have to be set in advance because of the situation we are in.

So although the provisional budget is not the best possible signal for the public and for abroad since everybody looks at it as at something out of order, I still think that a government that took office on 13 December and presents the budget in the National Council on 19 December, has done a good job during that week. [passage omitted]

[Journalist] Mr. Kozlik, debt servicing should be taken away from the National Property Fund, as Mr. Meciar mentioned. FNM funds should be used for development. Could you quantify them?

[Kozlik] Yes, as for debt servicing first of all, I have said already several times that state debt servicing.... [pauses] that the state debt currently represents about 113 billion crowns, of which (?50) billion korunas constitutes internal debt. This is spread over a certain repayment period, and whereas debt servicing for 1994 amounted to roughly 26 billion korunas settled under the 1994 budget, debt servicing for 1995 amounts to 36 billion korunas and is on the increase. That means paying off ever greater chunks in the coming years, increasing right up until 1999 or so.

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That is thus a fundamental problem for this country, but there is also the strange paradox that on the one hand we have relatively good parameters regarding the per capita proportion of the national debt, even in European terms, on the other hand it becomes worse when measured in proportion to units of production, whether GDP or state budget revenue.

That means that if we wish to find a sensible solution to this and behave like proper economists, we cannot solve it by selling off production factors such as plows or factories, metaphorically speaking, in other words state property. Quite the reverse, we need an effective revitalization of this country's production potential, because this it undeniably has, and to use economic development to create the conditions for repaying the state debt through resources created.

In other words we will not leave it to the NFM and wait for it to sell off our lucrative companies so as to be able to settle our debt. What we will do is actively to.... [pauses] That means if we continue with privatization it will be in our declared direction, namely to give priority to privatization through direct sales [adresna privatizacia], albeit combined with coupon privatization and to create conditions for bringing dynamism into the creation of profits, the creation of production and at the same time of state budget revenue. That is on the one hand.

On the other hand the provisional budget also involves savings in the sphere of public administration, and the pressure on public administration is genuinely great in the first quarter of 1995. It will be a very difficult task, but we are thereby creating a basis for a better situation in the whole of 1995 in that we want to use the provisional budget period to formulate measures toward mobilization and activation of economic development, improving the collection of taxes and duties, and so on and so forth. [passage omitted]

[Journalist] Mr. Masar [governor of the National Bank of Slovakia] said yesterday that the monetary plan of the National Bank corresponds with your proposal of the provisional budget. According to Masar, next year should be a phase of long-term economic growth, though according to your proposal the first quarter is essentially restrictive. The expenditure side of the provisional budget is very specific, but there is no income. I would like to ask whether there really is a correspondence, and what are your expectations regarding the relationship between the future law on the state budget and the provisional budget?

[Kozlik] I would like once again to point out that we are talking about the first three months of 1995 and that the cost-effectiveness, to use Slovak words, is directed not at investments but at state administration and its costs. However, there is still a certain decrease in investments because we say that investments should not go through the state budget.

That means there should not be a quarterly prediction of investment expenditure, for example for the construction of a highway expected to amount to 1 billion korunas. That is a ridiculous sum where the building of a highway is concerned. We need a systemic solution for this and not to debate whether we are going to put in 200 million korunas more or less in the first quarter. That is nonsense.

We need to put tens of billions of korunas into infrastructure projects, and that requires a systemic solution. It must be remembered that the Ministry of the Economy put the amount of investment needed in Slovakia up to the end of the year 2000 at 500 billion korunas. I often find laughable those discussions, for example by members of the previous government, that we have succeeded.... [pauses] They would have an hour-long dispute about an extra billion coming out of the state budget. That is a debate about nothing. We genuinely have to do something about changing this.

[Journalist] How do you want to prevent the growth, for example, of the black economy? What concrete steps do you intend to take? I would also be interested to know what concrete objections, if any, representatives of the IMF had to the provisional budget which, as you said, they accepted.

[Kozlik] I would above all like to turn that terminology around, so that we would not be preventing the growth of the black economy but instead suppressing it. In this sense, as I have already said, it is a question above all of organizing the market, market regulation, bringing order into the present extent of street market activity. [passage omitted]

What was the other question, sorry?

[Journalist] The IMF.

[Kozlik] As for the IMF reaction, I also discussed with them the budget put together by the previous government. I think that there was a breakdown in communication with the IMF. They expressed their annoyance at being invited.... [pauses] The delegation did not arrive until the end of December [as heard] at the last minute. They were familiarizing themselves with the budget draft as things were happening; we put forward our approach to the provisional budget although it did not yet have a definite form. They accepted the overall approach and also, something that is very important to us, the premises for development policy for the purposes of constructing the full budget. That is much more important for us, because the provisional budget is only a short-term framework for bridging a certain period. [passage omitted]

[Announcer] Our banking system, or banking sector is not very healthy. It has some imperfections which are causing further trouble in the national economy. The banking law and the law on the National Bank of

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Slovakia have been designed for better times. Unfortunately, we have not reached this stage yet. A certain path, which is becoming apparent, is to use the WBRD loan to change the structure of the banking and corporate finance sectors. Recently, we received a document outlining the conditions the WBRD sets for us. These are really tough conditions, as it were. You are undoubtedly aware of them. Is this government willing to accept these conditions?

[Meciar] The banking sphere and the state's approach to it is always a complex matter, because money is a serious affair and the banks have their own mechanisms to protect their work. Given this fact, we cannot give orders to banks. There must be an agreement and the interest of the banks, production and state administration have to be harmonized.

That's why we assume that immediately after the government policy statement is adopted, or rather immediately before that, consultations will start between representatives of all the three spheres attended also by trade union representatives. Our economic policy must be intertwined, because if we join ranks we can help each other, while if we stay apart we could damage each other. Although there are undoubtedly some shortcomings in the banking sphere, this sphere has done great deal of work given the fact that since 1 January 1993 we have had a separate currency. [passage omitted]

As far as the blueprint of the banking system is concerned, our view of this problem—or the view of our group which was involved in this matter—is a little different. What should the concept of the banking sphere be? Should it be an aggregate of the banks that provide a service to the Slovak market? Or should it be an aggregate of institutions which will serve the Central European market? The latter is a more demanding plan. We would like to pose a question as to whether we should not put our efforts into the more demanding task, whether we should not pursue a more challenging task and try something else.

Regarding the service sphere, we think that the structure is not (?fully used) yet. One of the matters we very much thought of and which we shall try, is to set up another two banks. One will be the [National Property] Fund's bank—that's the former Slovakia Bank—and another bank which would manage the state's funds or the funds which could be used to develop state investments. That's a new thing, we have never had this before. [passage omitted]

This bank would then finance (?word indistinct) investments. This is the only way of making sure that the control by the banks makes up for all the shortcomings of the red tape and that the funds flowing into the bank can be externally recouped.

This means that our approach to the banks is, indeed, critical, but at the same time we also recognize their achievements.

What will the future development be? For example, I attended the introduction of the new minister into the interior minister's post at the Interior Ministry. I put the following question to the chiefs in question: everyone is criticizing a large-scale corruption in the banks and you have not apprehended a single culprit yet. Why? Either it is not true that corruption exists, or your departments are malfunctioning.

Everyone keeps highlighting the fact that there are many loans which were granted without proper assessment. These are bad loans and they are an impediment for the banks. The banks will have to establish who is responsible for this situation. [passage omitted]

The state cannot be responsible for agreeing to bad loans. [passage omitted]

We are aware of this situation and we shall start working on this issue at the beginning of January, or more realistically in the second half of January. I hope that all the participating sides will be able to reach a basic agreement by the middle of February. This means that there will have to be a certain framework for an agreement between businessmen, bankers, trade unionists and the state, in which they will say how they want things done. We shall then be striving to implement this by the end of the year.

[Announcer] In commenting to the media you said that the monetary policy restriction has in effect come to an end in our country. But the National Bank of Slovakia says that it still continues. Will you be able to agree on this, or what will the situation be?

[Kozlik] [Passage omitted] Regarding the restriction on monetary policy, Governor Masar indicated that in 1995 monetary policy should be geared more towards development. This is in keeping with our own thinking and with the ideas some international financial institutions have on Slovakia's economic development. I would say that joint action is taking shape in this respect.

On the other hand, there are risks which must be identified and preempted. This applies to the inflation sphere, for example. It means that we shall have to introduce anti-inflationary measures. In this respect we shall have to reach an agreement with trade unionists. I believe we shall be able to reach this agreement. Trade unionists strongly oppose the wages regulation. But if we wish to opt for development, we shall have to put up anti-inflationary barriers. If we substantiate this by saying that more job opportunities will be created, we shall be able to reach an agreement with the trade unions. [passage omitted]

But we have forgotten about agriculture, which you have also asked about. [passage omitted]

Our position is that in the first quarter we shall be able to sow the crops. [Agriculture] Minister Peter Baco has even said that he expects that the 8-billion-koruna subsidies his ministry received from the state budget last

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year would be reversed to 7 billion of levies payable to the state budget. This represents a fundamental turnaround. [passage omitted]

[Unidentified journalist] Can coupon privatization start in two or three months?

[Kozlik] We would like to bring it forward as much as possible. When we spoke about two or three months this was only an estimate, based on the condition that coupon privatization can begin only when the property package is ready. A vast number of people are taking part in coupon privatization and therefore we must make sure that the 70 trillion Slovak korunas worth of property is available for them. This is what determines our time schedule. [passage omitted]

Meciar Interviewed on Outgoing Government, Plans

AU2212114494 Prague MLADA FRONTA DNES in Czech 17 Dec 94 p 9

["Exclusive" interview with Prime Minister Vladimir Meciar by Karol Wolf in Bratislava; date not given: "Meciar—Moravcik's Government Actually Did Not Achieve a Thing"]

[FBIS Translated Text] Bratislava (from our correspondent)—*Slovak Prime Minister Vladimir Meciar, chairman of the Movement for a Democratic Slovakia (HZDS) and permanently the most popular politician in the country, makes no secret of the fact that he does not intend to be recalled the third time around, and is willing to do anything to prevent it.*

If it came out that the opposition does not want to accept the fact that it lost the elections, and attempted—for instance—to organize mass protests, the state would have to protect itself by the law on protection of the republic, the head of the Slovak cabinet confirmed, among other things, in the exclusive interview for MLADA FRONTA DNES.

Meciar took over the government for the third time on 13 December. The two previous governments ended prematurely. This happened for the first time in 1991, and the parliament passed the no-confidence vote for the second time last March.

[Wolf] You are heading the third government and, at the same time, you make no secret of expecting 1995 to be a crisis year. What chances, do you feel this government has? The posts taken up by the workers of Jan Luptak have been the ones mentioned most frequently.

[Meciar] A lot has been said about workers, but I would be more careful in assessing them. There are bona fide workers in their center but many left-oriented intellectuals surround them. Hence, the government I head is not red-brown.

Jan Luptak, a new politician, who certainly has most earnest intentions, appeared here. Those who were defeated in the elections accuse him, however, of being a communist, bolshevik, and who knows what else.

Nevertheless, there are risks for this government. The scenario of March 1994 can be repeated, and the defeated parties can again attempt to break up the parliament.

[Wolf] What do you have in mind when you refer to the breakup of the parliament and the attempts by those who were defeated to achieve such a state? What measures do you intend to adopt in this context?

[Meciar] The essence for me is not the deputy but rather the citizen, who gives the deputy the mandate on the basis of something—party affiliation, for instance. Therefore, I consider it a fraud when, after a while, the deputy betrays his party and thereby the voters.

If I refer to measures, I have in mind, above all, the change of the election system to a majority one. The citizen should know for whom he is voting, and the potential traitors should not be able to hide behind someone else's image and authority.

In the 1992 elections, for instance, I personally brought 30 people into the parliament, and six of them subsequently betrayed me. The majority system is simply more fair.

[Wolf] Nevertheless, a change of the election system cannot stabilize this parliament.

[Meciar] You might be surprised, but it can. As soon as the small parties and mini-parties learn that they would have to enter the elections with the majority principle, they lose all interest in destabilizing the scene, and will be glad that they are where they are. In addition to this, of course, it is necessary to change the parliamentary rules of procedure, adopt a law on conflict of interests, and a program of development of clean hands in public life. If that were not enough, we will apply all the constitutional mechanisms to prevent the destruction of the state.

[Wolf] Are you referring to the law on the protection of the republic?

[Meciar] No, this law does not have a stabilizing but rather a preventive role. If it were confirmed that the opposition is unwilling to accept their loss in the elections, and attempted, for example, to organize mass protests, if there were a real danger of an ethnic, or possibly social, conflict, which could threaten Slovakia, the state would have to defend itself with the law on the protection of the republic. It would then mean certain limiting measures. Nevertheless, this law is not my goal, it can only serve as means to deal with extreme situations.

[Wolf] The things that you speak of, certainly do not improve your government's image. Your government will not be seen abroad in a very favorable light.

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[Meciar] My tenet is simple. If someone does not want to understand, he never will.

If someone assesses the situation erroneously because he is not well informed, we must patiently explain it. In addition, I would like to let all the pseudodemocrats know that this government is a product of the elections rather than some kind of an explosion of nationalism or communism. It is true, however, that we have problems with communication with the West. Some of our attempts to conform the transformation to Slovak conditions are immediately perceived as a "third way." It is like that with privatization. We are trying to support domestic enterprises, and it is understood in the West as endeavors to avoid competition. Therefore, we can do nothing but patiently keep explaining and, unfortunately, in the process, we must also shout above some Slovaks, who always cry after lost elections at various forums, and complain about my dictatorial or bolshevik inclinations.

[Wolf] You want to change both the election and the constitutional systems. Would you consider standing for election to the presidency, voted directly by the citizens?

[Meciar] No, that is not my intention.

Personally, I did not even want to be in this cabinet. It is something else. If the principle continues to be valid that representatives of the individual political parties are delegated to the government, there will be a permanent crisis in the executive. The government is a hostage of the parliament, and the parliament is not responsible to anyone. At the same time, the continuity of power is vital for us. There are two ways of achieving this—the chancellor system or the traditional presidential system. What is essential is that the government should rely no more on any kind of destructive action in parliament within the electoral term.

[Wolf] So, you reject the parliamentary system of democracy?

[Meciar] Look, my government fell in March 1994, and money and bribes took over the parliament.

[Wolf] Do you have any tangible evidence that anyone was bribed to bring about your government's recall?

[Meciar] It is precisely because we have such evidence, a parliamentary investigative commission was established that will determine whether, and how certain deputies and other officials contributed to the destruction of the leadership.

[Wolf] What kind of retribution could that mean for the culprits?

[Meciar] Legal ones.

[Wolf] In what sense?

[Meciar] It is up to the prosecutor's office to decide whether it was a criminal offense.

[Wolf] In your perception, what crime could that be?

[Meciar] That will be decided by the prosecutor or the court. Political repercussions could also occur, which would then prevent such phenomena from occurring ever again.

[Wolf] Could President Kovac be in the group of people who will have to answer for this offense?

[Meciar] Not only in March 1994, but also much earlier, the president was working toward a change in the distribution of power in the parliament, government, and even in the HZDS.

The psychosis that he incited against my government by his address to the parliament, for instance, was of crucial importance. Precisely this raises the question of whether in March 1994 he acted in accordance with the Constitution.

[Wolf] On the occasion of your government's appointment, however, you offered him your hand and called for reconciliation.

[Meciar] Yes, I offered to close the chapter on the past. I can only hope that as he accepted my hand, he meant it as I did. Nevertheless, I am used to surprises. We will see what his New Year address is like.

[Wolf] Immediately upon assuming office, Sergej Kozlik, deputy prime minister and finance minister in your cabinet, halted the preliminary round of privatization, and as of today, he does not even know when it will be launched.

[Meciar] We must dispel the myth of the hard-working Moravcik government, which, in fact, has not done a thing, but had a good write up. Some mistakes were made. First, the number of participants in coupon privatization has not been clarified. Some 140,000 [privatization coupon] books, registered several times, are hanging in the air somewhere out there....

[Wolf] That, however, is the problem of the funds that were not watched closely enough....

[Meciar] No, that is a problem of those citizens.

[Wolf] Nonetheless, according to the law, the first registration is the valid one—even the Center for Coupon Privatization confirmed this.

[Meciar] No, this is not right. After all, those who registered their books several times could get a share in the property several times over.

[Wolf] He cannot get a share several times because only the first registration is valid....

[Meciar] Nevertheless, it has not been registered who, registered his book and how many times. The prosecutor has pointed out that it is a fraud.

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[Wolf] It can only be a fraud committed by those who registered their books several times. It is not the fault of the government....

[Meciar] The prosecutor has not yet determined who the culprit is. He only pointed out that it is a matter of conscious fraud. Moreover, there are other problems. If the coupon privatization is to be launched, it must be clear how much property it will involve, and that is not even one-third clear today. Are we to continue in this process, and continue to feed the bombastic propaganda that everything has been prepared perfectly well? That would end in a complete collapse, and our government would be blamed.

[Wolf] Could you at least estimate when the preliminary round will start?

[Meciar] Unfortunately, I cannot.

[Wolf] You have appealed to the opposition for cooperation several times recently. On the other hand, your people are taking up absolutely all the posts. The opposition does not have a single representative, for instance, on the Council for Radio and Television Broadcasting. Why?

[Meciar] We do not have any members on this council either. All of them are independent experts.

[Wolf] But, they are people who make no secret of coming from you. They are mostly journalists from the SLOVENSKA REPUBLIKA daily that support you.

[Meciar] Nevertheless, they are nonpartisan. They are people who find the national orientation desirable, and prove it by their life and work. It would be a sin to leave them out of this process.

[Wolf] Why, then, are even the heads of your—now probably former—supporters roiling, like those of Emilie Boldisova, chief of the Television Council, or Slovak Television Director Ivan Stadrucker?

[Meciar] The case of Mrs. Boldisova grieves me. The STV director is something else. What if he was close to us and politically obedient. He proved himself incompetent, and we have no right to keep him there. One can hardly watch what the TV presents.

[Wolf] Why not privatize at least one state station?

[Meciar] It certainly will happen in 1995, and that is one of the reasons why we elected a new council for granting licenses.

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Kovacs Rejects Critical Remarks on Foreign Policy

AU2112143794 Budapest NEPSZABADSAG in Hungarian 17 Dec 94 pp 1, 3

[Interview with Foreign Minister Laszlo Kovacs by Pal Lederer, place and date not given: "There Is No Foreign Policy Consensus Because of the Opposition"]

[FBIS Translated Text] [Lederer] The reports on Gyula Horn's recent visit in Paris also contain the fact that President Mitterand invited Gyula Horn for another visit in February, when negotiations on full EU [European Union] membership can start. Is this not an exaggerated expectation?

[Kovacs] In his talks with Mitterand, Gyula Horn expressed the well-known Hungarian demand that the EU set the time for EU membership negotiations as soon as possible. This would signal to the Hungarian public and the foreign investors that the EU is seriously considering Hungary as a future member. Understanding the importance of this, President Mitterand expressed his readiness to support this demand as the next EU president, and he will consult with the leaders of the other member states on this issue. He suggested that we should discuss the issue again after the consultations in February 1995. We interpret this as a new invitation for the Hungarian prime minister to review the chances and conditions of starting the EU membership process, but this does not mean any membership negotiations yet.

[Lederer] The foreign policy experts of the Hungarian Democratic Forum [MDF] and the Federation of Young Democrats [FIDESZ] formulated several critical observations about this government's foreign policy at a meeting held on 15 December. How did you react to this criticism?

[Kovacs] I have nothing against the criticism itself, because this is a natural opposition role. The problem is that the opposition attacks this government's foreign policy with false statements.

[Lederer] The first among the critical remarks was that the new government retroactively questions the foreign policy of the former Antall cabinet and, thus, it undermines the prestige of the Hungarian diplomacy.

[Kovacs] We are not questioning the foreign policy of the Antall cabinet retroactively. We criticized this policy at the time for not basing itself on reality and for not weighing the actual international relations and the actual Hungarian interests; instead, they based their foreign policy on myths, desires, and suppositions. The new government changed the methods, the means, and the style, rather than the foreign policy goals; in fact, the new government has changed its foreign policy thinking. The heads of the previous government kept arguing on whether Hungary will become a full EU member in 1992 or in 1994. In December 1993, MDF and FIDESZ politicians seriously believed that Hungary would become a NATO-member in January 1994, or at least an associate member, although there is no such status. I witnessed how the ruling party's deputies tried to convince the NATO leaders of the need to accept Hungary into NATO first by describing the sufferings of past centuries. We do not believe that it is enough to pound the door of NATO with two fists; we advance step by step. Nor were we the ones who undermined the credibility of the policy toward the neighboring countries. Everyday, we hear that West leaders regard the former Hungarian Government as responsible for the deteriorated relations with some of our neighbors. It is difficult to make them believe that Hungary really wanted to improve its relations with Romania, for example, while not a single prime ministerial meeting took place in the first parliamentary cycle; we had to wait three and a half years for the first meeting at the level of foreign ministers. We are convinced that nothing can be achieved without meetings and negotiations, including the improvement of the fate of the ethnic Hungarian minority.

[Lederer] According to another critical comment, there is no consensus today in Hungarian foreign policy.

[Kovacs] Reading the observations made at the Windsor Club symposium and the statements made by some opposition politicians abroad, it indeed seems that there is no such consensus, but this is not our fault. The government cannot do more for this consensus than include the opposition into the process of foreign policy decisions. I appeared in front of the legislature's Foreign Affairs Committee and provided a thorough report on some topical foreign policy issues many times in the past five and a half months; actually more times than the previous foreign affairs leadership did during its full four years' cycle. The way they imagined the consensus was that the opposition learns about individual foreign policy decisions from the press and then it supports it. We do not work this way, and this is not only a change in style.

[Lederer] The government has also been criticized for not showing any advance in the basic treaty issue.

[Kovacs] Let us examine the facts. The previous government negotiated the Hungarian-Romanian basic treaty in a total of three meeting for two and a half years. They never handed over a draft text containing the mutual recognition of the inviolability of borders or the mutual exclusion of territorial demands, although they knew that there can be no agreement without this. We already handed over our draft proposal on this, and our draft on the issue of national minorities is much more detailed and precise and much better supported by international documents than the draft of the previous government. The previous government did not even start negotiations with Slovakia, while we already held two rounds of meetings. All this is advance, just like the fact that the new government's initiatives to settle the relations with our neighbors have been noticed and recognized everywhere, from Washington to Brussels and Tokyo.

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[Lederer] Criticism has also been voiced on most ministry workers loyal to the previous foreign affairs leadership being forced out of decisionmaking positions.

[Kovacs] Many people among the professionally suitable older career diplomats or people who came here after 1990 are still in their positions, including many ambassadors, deputy state secretaries, and department heads. It is true that people who were appointed in their positions solely on the basis of their political affiliation or thanks to their contacts, people who failed to learn the diplomatic trade in the past years, can no longer be employed here, at least not in leading positions. Nor could a department head remain in his position who committed a serious economic crime or who threatened the guests in a night club with his weapon. However, these decisions cannot be regarded as political cleansing.

Nagy Assesses Political Situation, Prospects

AU2212094994 Budapest MAGYAR HIRLAP in Hungarian 17 Dec 94 p 8

[Interview with Sandor Nagy, chairman of the National Federation of Hungarian Trade Unions, by Dezso Pinter; place and date not given: "A New Front Line Has Opened in Politics"]

[FBIS Translated Excerpt] [passage omitted] [Pinter] According to a government party politician, you got into an extremely complex situation because for months you have been unable to give a straight answer to any question. In your opinion, is there any truth in this?

[Nagy] I do not think that there is anyone in Hungary today who can always speak about politics and economy clearly and unmistakably. Besides, I am witnessing a particular phenomenon: Sometimes the same people who worry about a strong trade union presence crashing the government's economic policy next time worry about the trade union leaders not representing the members' interests strongly enough. The contradictions inherent in these manifestations do not characterize me. Many people have failed to realize that we can only walk a narrow path.

[Pinter] In your opinion, what would this path be?

[Nagy] One that goes on the line of a still rational decision that can still be accepted by society. It is extremely difficult to follow this path, because the state of the economy is serious and the current balance problems are increasingly pressing. We must accept the fact that the continued delay of unpleasant measures could lead to insolvency or hyper-inflation as early as within a year or two. The conditions of an efficient economy should be created in a way that the crisis does not unilaterally burden the employees who are already carrying the biggest burden as it is. These are my dilemmas too, namely how to achieve this. How can every step be both rational and just?

[Pinter] To what extent does the fact that, as trade union leader, you are also a member of the parliamentary group of the governing Hungarian Socialist Party [MSZP] increase your dilemmas?

[Nagy] "Only" to the extent that, while others can easily concentrate solely on balance problems or on social relations, I cannot afford to forget the tormenting need to possibly coordinate these two decisive factors for even a moment. I am trying to find the possible way between these two pressing requirements. I must admit that this is an extremely sensitive situation for me. [passage omitted]

[Pinter] There are people who presume that you are a player in a big political game and the action takes place in the MSZP. According to these views, your particular presence is important for MSZP Chairman and Prime Minister Gyula Horn to counterbalance the so-called Bekesi line. What is your opinion about this?

[Nagy] Although I do not penetrate anyone's thoughts, including Gyula Horn's intentions, I do not think this is the case here. The MSZP program is determined by the efforts for social dialogue and the most efficient interest coordination possible. Therefore, during the elections, the Socialists were striving for cooperation, rather than merely dialogue, with the trade unions. There is nothing bad in this. [passage omitted]

[Pinter] What are your relations with the government, the MSZP, and the coalition partner, the Alliance of Free Democrats [SZDSZ]?

[Nagy] My relations with the government are contradictory, because I regard its performance as mixed. This government inherited a serious situation and, in many respects, it has to advance on a forced path. At the same time, its measures are not always thoroughly considered; occasionally these measures exceedingly reflect the internal debates. I am surprised at the technical mistakes because in the summer neither the government nor the parliament should have had a vacation. The present time pressure is mostly due to this unnecessary vacation. There are two factors that determine my relations with the MSZP. One: Taking all the circumstances into consideration, this is the only left or center-left party which, with its policy, is durably close to the interests of the employees, or the small people, to the values in society that I also regard as important. This fact is decisive for me. Obviously, just like all the other political parties in Hungary, the MSZP is a cumulative party that includes many views and directions. Many views are very far from me and, therefore, I am often dissatisfied with certain political and economic policy positions. Unfortunately, my relations with the SZDSZ have a past. Mainly together with the Hungarian Democratic Forum [MDF], the SZDSZ also participated in the policy directed at forcing back or even eliminating the trade union movement in the past four years. This is still present in certain political manifestations of the SZDSZ. Leading SZDSZ politicians speak in an unfoundedly

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simplifying way about the National Federation of Hungarian Trade Unions [MSZOSZ] when they regard it as the extreme left wing of the MSZP. It is just outrageous when they point a finger at the MSZOSZ officials and try to present them as a proof of how the old communists are returning to Hungarian political life. All these are signals indicating that the SZDSZ has failed to develop throughly- considered and basically positive relations with the whole of the trade union movement to this very day, including the MSZOSZ. In addition, I think that the SZDSZ is trying to implement its own views within the coalition in a way that does not reflect its election achievements.

[Pinter] What do you mean by this?

[Nagy] The SZDSZ is striving for exaggerated weight.

[Pinter] Is it possible that, because of its current composition, the trade union forces you represent will turn against the coalition?

[Nagy] In spite of the prevailing debates and tensions, I do not think that the time has come to consider such a possibility. Besides, I think that the fate of the coalition depends on whether the MSZP and the SZDSZ can accept and coordinate each other's views, and I mean here not only social issues. Of course, in connection with this, one should also ponder whether there is any rational and politically timely alternative to the present coalition.

[Pinter] Is there such an alternative?

[Nagy] I think there is no such alternative at the moment.

[Pinter] Would you be in favor of a big coalition?

[Nagy] Not now, but definitely in the long run.

[Pinter] What forces would be included in a big coalition you regard as desirable?

[Nagy] In addition to leftist, center-left, social democratic, and socialist political forces, there would be a place for moderate Christian-conservatives and liberals in this coalition. [passage omitted]

Csurka Views Border Issue, Party Cooperation

AU2112141094 Budapest NEPSZABADSAG in Hungarian 20 Dec 94 p 3

[Report by "Z.P.": "Csurka-Statement on Border Revision"]

[FBIS Translated Text] It is Hungary's historic misfortune that it happened to be Hitler who again drew just borders for it, Istvan Csurka, chairman of the Hungarian Justice and Life Party [MIEP], said in his interview with the Austrian journal VOLKERFREUND. This newspaper is considered to be an extreme right wing publication and its authors include people who do not deny their Nazi sympathies.

Csurka believes that, as a result of the Vienna decision [1930's] that had revised the Trianon treaties [of after World War I], honest borders were formed around Hungary from an ethnic point of view. However, today, in terms of military power, Hungary is the region's weakest country; it would be a historic impossibility to regain our lost territories. We would be satisfied with our Hungarian brethren acquiring real autonomy, Csurka said, although he also stated that we must not sign any interstate agreements with any of the neighbors which include giving up the territories.

The MIEP wishes to cooperate with the Italian Fini's party that is considered to be a neofascist party throughout the world, and with the Austrian Freedom Party led by Joerg Haider. Analyzing investments in Hungary, Csurka mentioned General Motors and Suzuki as positive examples for their creation of workplaces. However, he named the Austrian investor Prinzhorn as a negative example for stopping the production of the Szolnok Paper Mill, although he was one of Haider's main financial supporters.

Ethnic Hungarians on Local Election Results

95CH0060A Bratislava UJ SZO in Hungarian 22 Nov 94 pp 1-2

[Statements by Bela Bugar, of the Hungarian Christian Democratic Movement; Miklos Duray of Coexistence, Laszlo A. Nagy of the Hungarian Civic Party; and Erzsebet Borza of the Party of the Democratic Left: "Hungarian Coalition Strengthened Its Position"]

[FBIS Translated Text] We know the results of the municipal elections, and how the candidates of the individual parties fared. We know who will govern our towns and villages in the following years, and who will take care of our business. We asked the chairmen of the Hungarian parties and the vice-chairperson of the Party of the Democratic Left [DBP] to evaluate how their parties fared in the weekend showdown.

Bela Bugar, chairman of the Hungarian Christian Democratic Movement [MKDM]: We can learn several lessons from the election. The election results show that an increasing number of people support the politics of the Hungarian Christian Democratic Movement, because we have more than 200 local elected officials and 56 mayors, and this is considerably more than in the previous election. We must admit that we should pay much more attention to local governments than before, because we must register the low turnout as a negative experience. Another negative experience is that although everyone considered the burgeoning unity of Hungarian parties in a positive way, this fact did not manifest itself in the municipal elections. In my opinion this is why the voter turnout was so low. On a national level, a lot of independent candidates won, although the background of their independence must be examined in more than a few cases. The parties must pay attention to the reasons

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of voter apathy. I fear there will be attempts to subordinate the election results to party interests. Our movement strives to seek cooperation everywhere, primarily with the Hungarian parties, but with other democratic forces, as well. We would like to prevent power politics from figuring into the work of local governments. I fear that not every political group will support this ambition.

Miklos Duray, chairman of Coexistence: We are pleased with the results. Not only because the number of elected officials to local governments and mayors is greater than that of the other three parties together, but also because the entire Hungarian Coalition strengthened its position in local governments. There are almost 100 more mayors nominated by Hungarian parties than before, and this fact in itself shows that their politics is increasingly directed towards local governments. It has been proven that it is very important for our parties to run really credible people in the elections, because the voters supported familiar persons, idiosyncratic characters, and officials with proven track records. Nationally it has been proven that the criteria that apply to municipal elections are different from those in parliamentary elections. Personally, I consider the election of Endre Csanda as mayor of Ersekujvar [Nove Zamky] as the greatest accomplishment. His nomination was supported not only by the Hungarian parties, but also by the Democratic Union and the Democratic Party against the candidate supported by the Movement for Democratic Slovakia, the Party of the Democratic Left, the Christian Democratic Movement, and the Slovak National Party. I consider this to be a signal.

Laszlo A. Nagy, chairman of the Hungarian Civic Party [MPP]: The Hungarian Civic Party was satisfied to see that the result of the parliamentary election was not repeated, Meciar's party was not able to repeat its victory, and thus the previous government coalition, the Christian Democratic Movement [KDM] and the DBP can be regarded as the winners of the election. As far as the Hungarian results are concerned, the MPP doubled the number of its mayors and elected officials, thus demonstrating its solid position in the Hungarian arena of Southern Slovakia. The results of the Hungarian parties could have been improved, had a Hungarian coalition been established in certain instances in towns with a considerable Slovak population. Even in cases when the Hungarian coalition did not win in towns with a mixed population, it would be possible to establish very good cooperation with the Slovak or other minority mayor. The MPP is satisfied with the results, and regards them as a good starting point for both local governments and national politics.

Erzsebet Borza, vice chairperson of the DBP: Our party was the all-out winner of the municipal elections; we have many more elected officials and mayors than four years ago. Our candidates for mayors and elected officials had the best results. Eighteen percent of mayors and 16 percent of local elected officials ran as a DBP candidate. It is also noteworthy that many of our members ran as independent candidates, and not a few of them ran in a coalition. What did we win in these elections, we may ask. In my opinion, only more work, but we are proud because with their votes for us the voters actually rewarded the fact that our members and people sympathetic to us can and want to do things for the community. As far as southern Slovakia is concerned, in the Rozsnyo [Roznava] and Losonc [Lucenec] districts we were the unequivocal winners of the election, and we achieved good results elsewhere, as well; the population expressed their trust in us.

Interior Ministry Official Views Law on Police

95CH0033B Budapest UJ MAGYARORSZAG in Hungarian 1 Oct 94 pp 1, 4

[Interview with Karoly Nagy, department head in the Ministry of Interior, by Jozsef Danyi; place and date not given: "In the Name of the Law: Private Investigators on the Way; Fronts in Dangerous Spheres"]

[FBIS Translated Text] *The law on the police which was passed at the end of March became effective today; in order to increase the efficiency of the police, it will permit the clandestine gathering of information, plea bargains, the creation of fronts, but also the issuance of permits by the police for the activity of security personnel and private investigators.*

With this law, a clear system of organization and direction will begin its operation. The guiding authority of the interior minister and the independent responsibility of the chief commissioner of police will be well distinguished. Relationships between local municipal governments and the police will be established even apart from the law. It is troublesome, however, that government and ministry regulations which would aid implementation have not yet been completed. This is what Karoly Nagy, head of the security department in the Ministry of Interiors told UJ MAGYARORSZAG.

[Nagy] Both the citizens and the police can be satisfied with the law, because it is imbued with the popular request that we need policemen who are friends of the citizens, and citizens who are friends of the police. At the same time it is supplemented by regulations which control authoritative actions by the police, for instance, the collection of clandestine information against organized crime. However, it can be problematic that the police were not able to prepare for these tasks to the last detail, because a number of rules concerning the implementation of the law were not created before 1 October.

[Danyi] What rules are you thinking of primarily?

[Nagy] Rules which are so closely related to the law taking effect that without them insecurities could arise in the implementation of the law. One of them is, for instance, the regulation concerning clandestine operations which the interior minister is to issue in agreement with the attorney general. This regulation is close to being signed, and I hope it will be issued soon. Life starts

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slowly without service regulations for the police. Unfortunately, the professional plan was developed late and it was fairly incomplete, and we had to set up a special committee. Work to develop service regulations which fit into the Hungarian legal system and which contain fair regulations is going ahead at full speed. I expect a delay of one week.

[Danyi] It can also cause uncertainties if the executive decree on security services and private investigators is published late.

[Nagy] According to the law, the police issue a preliminary official permit to carry out such activities; only afterwards can one apply for registration. There is a certain grace period for such enterprises to legalize their activities again when they fulfill the prescribed conditions. This proposed executive order elicited a lot of interest; it was a big job to harmonize frequently contradictory opinions. I hope it will be published by the end of October.

[Danyi] As a consequence of individual regulations of the law, new legal entities will be created. What problems can be expected, for instance, in the establishment of fronts?

[Nagy] The legal coordination of regulations is under way to find out how fronts can be established without modifying regulations of the law. An activity sanctioned by law must function as a regular business. Although the secondary goal, the collection of information, must remain hidden, other interests might make this more difficult. Because it has to be decided, for instance, what should happen with the service status of the police officer running the business, with his taxes, his social insurance. If the job is performed by a person who is not employed by the police, by an independent contractor, then there might be questions to be decided about the control of funds. We did not narrow down the range of businesses in the law: Travel agencies, businesses in the vicinity of dangerous materials, activities in connection with gambling can all occur.

[Danyi] Are there ideas to modify the law on the police?

[Nagy] I don't know of any such ideas. It is a different issue that professional discussions are under way even now. It is a dilemma, for instance, what kind of a deal the police should strike with the offender by promising to put an end to investigation in such a way that beyond legality, professional interests would also be served.

Tanks Destroyed Under Arms Reduction Agreement

LD2112225294 Budapest MTV Television Network in Hungarian 1830 GMT 21 Dec 94

[FBIS Translated Excerpt] More T-54 tanks were destroyed in the Machine Factory of Goedolloe today. This was the last time this year that a tank was cut up. Hungary has been obliged to do this under the European arms reduction agreement. The international military group which was monitoring the destruction considered the cutting up of the tanks to be in accordance with regulations.

[Unidentified correspondent] These tanks, which are 30 to 40 years old, were withdrawn from the Hungarian Army a year ago; therefore, their destruction does not mean a loss. Two years ago, the Hungarian Army had 1,345 tanks. This number fell to 1,009 this year. By next December, there will be only 835 tanks. The arms reduction, which has started, does not weaken the Hungarian Army, because the reduction applies proportionately to all European countries. [passage omitted]

Slovak-Majority Town Elects Hungarian Mayor

95CH0060B Bratislava UJ SZO in Hungarian 22 Nov 94 p 2

[Interview with Istvan Matyus, newly elected mayor of Roznava, by "Klinka"; place and date not given: "Competence Instead Of National Politics"]

[FBIS Translated Text] ["Klinka"] You won a sweeping victory in the election, because the 3,197 votes for you were only slightly less than the sum total of the votes for the more than 11 candidates together. However, this sweeping victory is fraught with responsibility.

[Matyus] I was surprised at the results; I did not expect such great differences. It is a very good feeling to know that many people support me. I would like to take the opportunity to thank everyone for their trust. I will do everything I can not to cause disappointment in my capacity as mayor.

["Klinka"] The fact that the citizens of Rozsnyo [Roznava] elected a new official to replace the old one at the head of the town indicates that they want change, and they demand that Rozsnyo be put in order. In view of the country's economic situation and the town's financial situation, the task you undertook is not an easy one.

[Matyus] Indeed, it will not be easy. Immediately after I was elected I informed myself of the situation of the town's budget. It turned out that the coffers were empty. Rozsnyo is in such dire financial straits that it can no longer pay some of its bills. I will initiate the preparation of an audit by an independent outside committee about the financial affairs of the town up to now. The official change of guards can only occur after that. In other words, because of the bad financial situation one cannot expect spectacular and quick changes, but one can expect quick changes in attitude. The mayor and the city offices must serve the citizens, and as a first step, one must listen to the citizens' complaints. Since I do not think this has been done up to now, I would like to see a new person at the head of the town office, and also in the position of the chief town supervisor. As I promised, I have already moved the mayor's office to the main square, into the historical town hall building, where my

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door is open to all citizens of Rozsnyo every Thursday between 1400 and 1800 hours.

["Klinka"] When will the town's leadership, including you, be sworn in?

[Matyus] According to our plans this should take place before 30 November.

["Klinka"] According to the last census, 31.2 percent of Rozsnyo's population was Hungarian. At the last municipal elections, not only did the town receive a Hungarian mayor, but Hungarians are also in the majority among the town's elected officials. Will this make your job more or less difficult?

[Matyus] I won as an independent candidate, and in the course of our campaign I emphasized several times that I would try to achieve that every citizen, regardless of nationality, feel at home in the town. What counts for me is not nationality, but competence and the shared goal, Rozsnyo's prosperity. I also learned, however, that the largest Slovak party, not one of whose representatives was elected into the city council, was quick to form a "Rozsnyo shadow government." I would like to involve them, too, in taking care of the town's business, together with every significant political party. On Wednesday I will begin consultations with the town's political parties, and I would like to make such meetings frequent, unlike in the past.

Former Defense Official: Need For 'Strong' Army

AU2112134194 Budapest UJ DEMOKRATA in Hungarian 15 Dec 94 pp 8-9

[Interview with historian Erno Raffay, former Defense Ministry political state secretary in the Antall cabinet, by Karoly Banhidai; place and date not given: "A Strong Army, A Strong Country"]

[FBIS Translated Excerpt] [passage omitted] [Banhidai] The defense minister recently announced that he will abolish the army unit in Kaposvar and wants to drastically reduce the size of the Hungarian Army.

[Raffay] There were similar plans to reduce Army personnel in my time too. The overall number of regular and professional soldiers was over 150,000 in 1990 when the Antall cabinet took office. This was reduced to about 100,000 when, together with a high-ranking general, we decided that we cannot allow any further reduction in Army personnel. Therefore, I did not want to believe my ears when I heard of the plans of the Defense Ministry to further reduce personnel. I find this dangerous for two reasons: One, the changes that such an action will cause in Hungary's defense; two, the unsolved subsistence and social problems connected with the reduction in personnel. In my opinion, if someone in the current government or even in the government prevailing after 1998 thinks that the Slovak, Romanian, and Serbian chauvinistic politicians who are now plotting against us will disappear from the scene by then makes a big mistake. He is wrong because one cannot count on NATO membership within two or three years. Similarly, one who thinks that our NATO membership will perhaps solve the prevailing conflicts with the neighboring countries also makes a big mistake. A possible reduction in Army personnel based on such considerations is absurd. In my opinion, we need a very strong army with a strengthened intelligence. [passage omitted]

[Banhidai] We do have an Air Force, but one can often hear that it can hardly be used without adequate ground control, something that costs a lot of money.

[Raffay] Without entering into details, one of the most expensive technologies is ground control for combat aircraft, as well as friend-foe recognition systems. The few dozen combat aircraft we have cost many billions but, compared with the Romanian, Slovak, and Serbian Air Forces, or even only with the Romanian Air Force, we see a huge backwardness here. The amount a given government spends on army development is a matter of strategic and historical importance. If the Horn cabinet says that we do not want to use military means to achieve political goals ever, like border modifications, improving the situation of the ethnic Hungarian minority, or pushing back an aggression, then the size of the Army can be reduced to a minimum. If the cabinet thinks that we will never have to defend ourselves, then one can say, all right, let us abolish the Army and we will get some 20 billion forints that can be used for other purposes. It is possible that the Horn cabinet is considering this. But then they should openly declare that any anti-Hungarian actions are unimaginable in Romania, Slovakia, and Serbia, countries that love us. And if it is so, the cabinet should also declare that it is totally unrealistic to talk about a Romanian-Slovak-Serbian cooperation against us. [passage omitted]

[Banhidai] With a weak Army, one can only conduct a weak foreign policy....

[Raffay] Of course. Try to prove that the Foreign Ministry and the Defense Ministry are not connected in this respect! It is impossible to prove that. I think that a reduction in Army personnel in Hungary is against the interests of the Hungarian nation. Support for the prevailing foreign policy gets hurt from this, and Hungary's security in threatened as well. Even if we had the opportunity to increase the strength of our Army more seriously, we would only make modest steps to balance the lack of proportion with the neighboring countries. There is no Horthy-type fascism or irredentism in this whatsoever; these are facts that are hanging on the walls in Bucharest and other countries I could list here.

[Banhidai] A professional Army....

[Raffay] It would cost several times the expenses of our present Army, and the starting sums would be huge, something that we cannot afford. This is a dream in which we also believed but one that, unfortunately, cannot be realized, although it would be very important.

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Walesa, Ruling Coalition Disagree on Budget

LD2112120994 Warsaw Radio Warszawa Network in Polish 1105 GMT 21 Dec 94

[FBIS Translated Text] A meeting between President Lech Walesa and the SLD-PSL [Democratic Left Alliance-Polish Peasant Party] coalition has brought no agreement. The discussion focused on next year's budget.

[Unidentified reporter] At times, the exchange of views was very heated. There were mutual accusation of deceiving the public. The president accused the coalition, for instance, of not solving the problems of the doctors and the teachers, treating the budget like sums in arithmetic, and that was why he had to veto the act on pay in the budget-financed sector. Lech Walesa has not yet decided about vetoing the budget act as proposed by the government; although, the president is convinced that the government budget bill does not resolve the country's social problems.

[Begin Walesa recording] I think this budget should not be signed, or it should be signed on the condition that compensatation for all those who deserve it will come from sources other than the budget ones, because there is no money here. Poland has money; it is very rich, but in other places. These places have to be put in motion and this concept I agree to. I cannot agree to a deception of these people yet again, because for me that is immoral and that is it. [end recording]

[Reporter] The representatives of the coalition defended the draft budget. They conceded that it did not meet all expectations, but resulted from an appraisal of the realistic possibilities of the state and even the most justified demands would not change that. The coalition appraised critically presidential vetoes of more and more budget-related acts, pointing out that that prevented it from introducing the reforms suggested by the president himself. Deputy Prime Minister Grzegorz Kolodko recalled that vetoing the act on pay in the budget-financed sector would block the introduction of a 500,000 pay increase on 1 January.

[Begin Kolodko recording] We need a legal basis to pay everyone half a million, and that is why we want this act to come into effect. [end recording]

[Reporter] Although the president and the coalition agreed that the country needed a so-called principal plan, privatization—which is to be at its basis—is viewed differently by the two sides. The president once again spoke in favor of handing over state assets to the public, while the coalition pointed out that we also had to think about who is going to invest in and maintain the property that is taken over.

Summing up the discussion, the president attacked the coalition, maintaining that after 1989 it had lost power only momentarily and now it was trying to rebuild its old influence.

[Begin Walesa recording] Especially you, you lost power for a moment and now you want to regain it completely. For 50 years several people, even at the top of the power structure, tried to do something for this country, but in fact someone else ruled, someone else manipulated things. Today similar structures are being rebuilt. That is why there are attempts against the ministries over which I have influence, among other things we have not spoken about this, because I also wanted to show this here, before Poland, what is really going on here. That is why if you act like this, the budget is going to be only a part, that is right, only a part of this whole game, but counterrevolution will not pass in Poland. I guarantee this to you, because there was Moscow. [end recording]

Walesa-Coalition Meeting Ends

LD2112120094 Warsaw TV Polonia Network in Polish 1043 GMT 21 Dec 94

[Report by Grzegorz Miecugow]

[FBIS Translated Text] This meeting, for which we waited with such tension and with such concern, has ended. It ended at a moment that was very interesting, and it is appropriate to regret that it is not being continued, because some of the politicians and the president are going to the presidential palace, where at 1200 [local time], in about a quarter of an hour, the president's traditional wafer meeting [Polish pre-Christmas meeting] will start. [passage omitted]

At the very end of this meeting, the politicians discussing with the president.... [pauses] A small digression here: A surprise for everyone here was probably the fact that apart from the president none of his entourage, that is the ministers who came here to the Sejm—Ministers Wachowski, Zakrzewski, Kozakiewicz, and Ziolkowski, and presidential media spokesman Spalinski—none of them came into the meeting hall [as heard]. The president received one note from the members of his chancellery, I suspect from his advisers. Apart from that, the discussion was between the president and 40 politicians of the coalition.

At the very end, returning to the point, there arose the thought, and essentially the subject of the dispute: The president feels that the present coalition wants to rebuild former structures. The president directly accused the coalition of a desire to introduce a counterrevolution, to stop all of those transformations that took place after 1989. Among others, it it is with this aim that the coalition, in the view of the president, wishes to make Longin Pastusiak minister of defense. The coalition, on the other hand, does not understand why the president does not want to sign or else is vetoing those budget-related laws relating to money, regarding the budget.

One of the more important concrete points made here was what we discovered from Aleksander Kwasniewski: Just before the coalition came into the chamber it received the news that the president vetoed the law on

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remuneration in the budgetary sphere. The president was to have decided this by midnight, and the coalition expected that the president would at least wait to see what took place at this meeting here. The president did not wait, the law has been vetoed, and now the fate of this law depends upon the decision of the Sejm, which is meeting this coming Friday.

Altogether, 15 people spoke, including the president and Aleksander Kwasniewski. I think, however, that the sides have stood by their own views, and that no binding ddecisions have been made here. It could be that these are not the final talks today.

Oleksy: Walesa Abuses Powers

LD2212115994 Warsaw Radio Warszawa Network in Polish 1105 GMT 22 Dec 94

[FBIS Translated Text] Sejm Speaker Jozef Oleksy is of the opinion that Lech Walesa, by rejecting subsequent coalition candidates for ministerial posts, is abusing his presidential powers. In a statement for Radio Three, Oleksy recalled that candidates for ministers of defense, internal affairs, and foreign affairs were, in accordance with the Constitution, to be put forward by the prime minister and the ruling coalition.

[Begin Oleksy recording] I think that the president is wrong on this issue and he misinterprets the law and the Constitution. I heard no argument when Prime Minister Pawlak asked a clear question, which would have changed my position. Everybody in Poland knows that the president wants to have greater powers, but to want does not mean to have and have a right to have, and I repeat, the Constitution puts it clearly: The prime minister and the coalition suggest candidates for the heads of ministries, including the three ministries in question. The whole problem is that the president is interpreting his formal signing of the nomination as, de facto, the right to decide the composition of the council of ministers.

According to what the coalition told me, if the president refuses to accept a coalition candidate, then the prime minister has the right to appoint the acting head of the ministry. [end recording]

Defense Official on Military's Future, NATO

WS2212084594 Warsaw GAZETA WYBORCZA in Polish 15 Dec 94 p 10, 11

[Interview with General Stanislaw Koziej, director of the Defense System Department in MON, by Pawel Wronski; place and date not given: "War Games"]

[FBIS Translated Text] *It is already the sixth time the Sejm has postponed its debate of Poland's defense system. Responsibility for the security of a state is borne, first of all, by politicians, and only then by the Army—said General and Prof. Stanislaw Koziej, director of the Defense System Department in the Ministry of National Defense [MON].*

[Wronski] Is Poland a safe country?

[Koziej] Today, yes. However, over the next couple of years, as this is the period of time we have to think about, the answer is an unfortunate no. An army, which can fall to pieces because of a money shortage is unable to guarantee a country's safety.

Up until recently, politicians showed little interest in the Army; that is normal. Before the war, the general inspector of the Armed Forces was the second person in the country and civilians did not visit barracks at all. After the war, the most important decisions concerning our defenses were made by the Warsaw Pact command staff. Hence this internal psychological belief of the administration, that "in the area of security, things get done by themselves." The belief that the Army is responsible for these issues and will take care of all matters by itself.

But it is politicians who should define the main directions of changes in the Army, point out the goals and threats. Unfortunately, until now this was done by the military. They had to do it by themselves, because nobody else wanted to do it. Luckily, for some time now, teams of civilian experts have existed, which are engaged in tracking military issues. Western armies have such top-flight specialists at the disposal—graduates of the best universities. The best example is the Pentagon.

The government has yet, however, to provide a detailed answer as to what kind of army we want.

[Wronski] But, do we have a defense doctrine?

[Koziej] For the time being there exist only general guidelines. Details are now being worked out.

Our Army has a great need for political decisions. Let us take the Paris CFE [Conventional Forces in Europe] Accords, concerning conventional weapon restrictions, as an example... They assume that Poland can have an Army comprising 234,000 ground and air troops. If we wanted to guarantee the most basic requirements of the Army, such as fundamental training, food, and uniforms, we would have to earmark 3 percent of our GDP. In next year's budget, only 2.2 percent of GDP has been earmarked for the Army. This represents tacit consent for a further technological degradation of the Army. If we want to modernize the Army, expenditures on armaments and research will have to be increased by 10-15 percent. Money is also needed for integration with Western defensive structures.

[Wronski] What, in your opinion, should those politicians, who are aware of the fact that there is not enough money in the budget for the Army, say?

[Koziej] The military is required to maintain a large force with a small amount of money. If the Sejm makes

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decisions about money, at the same time it has to make decisions about the size of the Army. If there is not enough money, then parliament—being fully aware of all the consequences—has to decide about decreasing the number of soldiers. At the same time, however, parliament should better equip the Army and bring it closer to European standards. Political decisions are also needed so the Army can get rid of unwanted deadwood: apartments, holiday resorts, sport clubs, warehouses, and empty barracks.

I expect that in the future the majority of Army personnel will be professional. This means that military service will have to be shortened to a maximum of 12 months, so that more recruits can be trained. In many countries, young people serve in the military for only nine months. Such an army, while being formed, is far more expensive, but in the long run it ends up being much cheaper. This decision also rests with politicians.

[Wronski] How do Polish strategists envision a future war? Ironically it is often said that generals usually plan wars which have already been fought.

[Koziej] There is more truth in that than irony. The greatest art is to overcome an inclination to revert to the experience of past wars. If war were to break out in Europe, it would surely not be of the type we would expect. Poland is not a world power, which—such as the United States—could test certain tactical solutions in the context of various other wars. Our defense doctrine only talks about a defensive war conducted on our territory.

In my opinion, Poland is threatened by three different types of conflicts. First, a local ethnic war in the neighborhood of our borders. In such a case, our Army has to be prepared to fight against small groups infiltrating our borders.

Second, local aggression. This type of threat appears to be minimal today.

Finally, the third possibility, when a serious European or international conflict erupts. In the case of the latter, we would be unable to oppose any power which wanted to march across our territory.

[Wronski] Let us speculate about war, the threat of which today—luckily—is not very real. Not only Russia and Germany, but also Ukraine and Belarus have better equipped and larger conventional armies.

[Koziej] Ukraine also has nuclear weapons, so any comparisons are pointless. As for conventional weapons, when drawing such parallels one tends to forget about one very important element. If you want to succeed in an attack you have to at least out number your enemy by two. In tactical conditions, when small squads are fighting, this ratio has to be three to one.

Of course, there are exceptions to these rules. One does not win wars with statistics. The speed of action and the mobility of units will count in any future war. Poland has to aim to end any conflict as soon as possible—as our reserves and the strength of our economy would not allow us to wage a long war. On the other hand, we cannot allow for the nation's destruction.

[Wronski] In the meanwhile, we have inherited from the Warsaw Pact a rather offense-oriented army, which is neither very mobile nor modern.

[Koziej] Our Army is currently undergoing the transformation from a so-called army-division system to the so-called corps-brigade system. Corps and brigades are smaller, more mobile and flexible units. Our defense doctrine also envisions the transfer of large parts of the Army from the western to the eastern border. Instead of investing large quantities of money to build barracks along the eastern border, one should invest in equipment. Therefore, aside from locating new units in the east, we form new mobile units in the center of the country, which can be transferred within a few hours to the area of conflict.

[Wronski] For example, the 25th Air Cavalry Division.

[Koziej] For example, the Paris Accords allow us to have 130 combat helicopters. We have around 30. We can have as many transport helicopters as we need. The factory in Swidnik has manufactured a quite successful helicopter, the "Huzar." In my opinion, we should invest as much money as possible in this helicopter.

Also important is artillery, and—what is most important—command systems. It is not only a matter of battlefield computers being located in headquarters. There are already computers there. The issue is in utilizing them—providing software for them, as well as making them competitive with Western defense systems.

[Wronski] Apart from the "Huzar," Poland will invest a few billion [currency not given] in the "Goryl" heavy tank. Why? Is this because there is a very strong lobby for armor in our Army, which still believes in "steel cavalry"?

[Koziej] It is not quite so. There are many officers in the Polish Army who see the future in aeromobile armies. Perhaps investing in the "Goryl" is justified to a certain extent, but let us say...money for this project should be designated at a later time.

[Wronski] In our defense theory, there is a concept of territorial defense—units equipped with light weapons, which can immediately turn to guerrilla activities. A guerrilla war, is that not the best way to devastate one's own country?

[Koziej] This is an age-old problem. Still, a vision of general resistance—a guerrilla war or at least unconventional activities—is a very serious factor keeping an enemy at bay. His headquarters also calculates profits and losses, and learns from history. Territorial defense will be represented by units capable of fighting on the

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front lines, as well as conducting unconventional activities. One should not compare this directly with the guerrillas in World War II.

Of course, in planning our defense, its intensity and duration will depend on whether we defend ourselves independently or whether we are counting on military help, such as from NATO.

[Wronski] Don't you think that one of the main obstacles on the path to NATO is the fact that senior officers of our Army are primarily graduates of Polish and Russian military colleges?

[Koziej] The main obstacle is rather the lack of English language capability, although very intensive schooling has been under way as of late. The military knowledge of Polish officers is no worse than that of their Western counterparts. The National Defense Academy (formerly the Academy of the General Staff) has really quite a high level of quality. It teaches broad-mindedness and very flexible planning. This is really a very good university. Our officers have nothing of which to be ashamed. Plus, the schools in the USSR taught very good military skills.

A more serious argument presented by skeptics against Poland joining NATO is the current state of our Army. I would, however, not overrate this argument. NATO consented to accept Portugal, Greece, and Turkey, the armies of which, at the time of their joining the pact, where much further from Western norms then our own.

[Wronski] Skeptics also point out that joining NATO will cost us a lot of money.

[Koziej] It would be far more expensive to organize our defense independently. Plus, we would then have to spend large sums on the Army, not to mention the feeling of security and the country's prestige.

[Wronski] NATO Secretary General Willy Claes claims that each country joining the pact should demonstrate what it can contribute to the joint defense structure. What could Poland contribute?

[Koziej] Perhaps we should put this question in another way: In the future, will NATO only defend the Western world, or will it also act to prevent wars? Joining the pact by Poland and other Central European countries will cause this particular piece of Europe to become more stable. What politicians and the military want is to prevent the outbreak of war. After all, if war does break out, even a power such as NATO often proves helpless, with Yugoslavia serving as an example.

There is a therefore a chance that NATO itself, undergoing a crises, will change. When under attack in battle, an extended line of soldiers lies down while being fired upon, and usually will not raise itself. Somebody else has to come in from behind, which will once again give the signal to attack. Perhaps this is what our role is all about?

Minister Addresses Parley on Local Government

MM2112163594 Opole NOWA TRYBUNA OPOLSKA in Polish 14 Dec 94 p 6

[Report by Malgorzata Wawryszewicz: "Nothing Against the People. Minister Strak Says: Even an Unobjective Questionnaire Can Yield Objective Information"]

[FBIS Translated Text] Two days before his arrival in Ustronie for a conference entitled "Local Self-Government and Democracy in Journalistic Practice," Minister Michal Strak, head of the Council of Ministers Office [URM] took part in a session of the voivodship self-government assembly in Katowice. The outcome of the heated discussion was the decision that the voivodship authorities would carry out a "simulated" calculation of the costs of implementation of the tasks of the pilot scheme [of local administration reform] for the 13 cities involved in that scheme in Katowice Voivodship. In that way it should become obvious which percentage of taxes should be left at the disposal of the local authorities so that the cities can realize the tasks as their own projects without having to use central budget resources.

"It may well be that Mr. Strak is seen by some people as the man in the weatherproof coat, but after a few more meetings like this one he might easily find his coat full of holes," Janusz Frackowiak, chairman of the Katowice Self-Government Assembly, shared his hopes with the participants of the Ustronie conference. But after the discussion with the minister at Ustronie it became evident that his coat is strong enough to withhold the onslaught of hostile elements.

To Everyone According to Their Needs

The URM head himself acknowledged that the Katowice meeting was a precedent providing the first step to establishing the parameters that could serve as future models for all parishes.

"If the government proposed a specific figure as the percentage of the tax which should remain at parishes' disposal, it would meet with out-and-out criticism, since such a set figure would not in any way correspond to individual parishes' requirements," he remarked. "Some would gain by it, while others would lose. However, if it were at all possible to find a regular correlation between the expenditure allocated for the pilot program tasks and parishes' tax revenues, it could even be written into the relevant act."

On the whole, however, the minister opts for the so-called classification of parishes. If parishes were to be categorized as equal, that is, unified for the purpose of the pilot scheme, it would be impossible to make any progress in calculating individual parish revenues. The aim is most probably to allow the poorer parishes to retain a higher proportion of tax revenues, and the richer parishes a lower one. In this way social justice would be observed and parishes' chances would be equalized.

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More for Voivodships

"Has the pace of decentralization slowed recently? But so has the pace of centralization," the minister found an excuse. He quoted the following facts to substantiate his claim: the stronger influence exerted by voivodas over special administration structures, and the participation of the latter in Council of Ministers sessions and government committee meetings. What about the voivodships themselves?

"I would like to know how your local self-government officials from Opole Voivodship would feel about the reform if the latter were to do away with the voivodship itself," Michal Strak pointed out.

"If you, gentlemen, tell me that it would make no difference, then I can only throw my hands up in despair. Even the questionnaire sent to parishes did not give us clear answers from which we could conclude whether the majority of voivodships should be left as they are or liquidated, because the answers were far too equivocal (incidentally, the questionnaire may have been regarded as not objective enough, but you can normally draw objective information even from an unobjective questionnaire). So I do not have a ready answer to the question about the shape and number of the future voivodships, since none of the three proposed models of the country's new administrative division (into 12, 17, or 25 voivodships) was conclusively approved. It is not difficult to sit at the drawing board and draw new maps, but this is not the purpose of the exercise."

Two Tiers Plus Two Additions

"As things stand today, I favor the two-tier model of local self-government structures, comprising the parish and the voivodship; furthermore, two additional supporting links should be created," the minister insists. "These are: intermediate target structures for parish-voivodship liaison, and voivodship blocs which would together shape the joint regional policy. In this way we could preserve the autonomous character of the structures already in existence while avoiding unnecessary new conflicts."

In the minister's opinion, the results of a Public Opinion Research Center [CBOS] poll conducted among local councillors provide arguments against the introduction of new administrative districts. In the cities identified by the administrative reform project as new district centers the voting was distributed as follows: 73 percent in favor, and 21 percent against. In other parishes, the results were, respectively, 33 for and 63 against.

"We can either introduce a reform which will be supported by the councillors from district cities and opposed by councillors from all the remaining parishes, or we can keep looking for a solution which will be satisfactory to both these groups. The nature of political work does not consist in the realization of ideal models but in representing the interests of social groups. And these hold widely differing views on their ideal model of the public administration system," the minister instructed those assembled at the conference.

Self-Government Officials Are Not Persuaded

"You cannot discuss the districts as if they were toys to play with," Ryszard Wilczynski, chairman of the Opole Self-Government Assembly, objected.

"I am not concerned for the interest of particular social groups but for the good of the state. Seventy years ago we were capable of winning back our independence and defending it against the Soviet onslaught, but nowadays we are not capable of building an efficient state over a period of five years. As a Pole, I regard it as an insult. You represent the government here, and what we expect from you is a vision of a new state, not a list of the dilemmas you are faced with, for that is nothing other than sterile intellectualizing."

"I now know what you think of the district project, but my voters and your voters alike will judge us not on our views but on our ability to run things," Ginter Jendrsczok, the mayor of Kluczbork, observed. And he cited an example from his own parish, where each subparish unit is allocated a sum of money for its disposal from the parish budget and also decides how to make use of the public assets situated within its boundary. "They manage to double evey zloty I give them," the mayor added.

Ordinary People's Fears

I support the idea of introducing into the Constitution a formal provision on districts. And we can rest assured that people will take note of it and launch a controversial debate about it," the minister stated. "That will be because parishes which are not scheduled to receive district status are afraid that their autonomy will be restricted.'

"But this problem arises only because of misinformation and lack of understanding," Mayor Jendrsczok retorted. "Political elites should change this situation and successfully persuade people that the introduction of districts will restrict neither the range of powers nor the status enjoyed by parishes. Unfortunately, the questionnaire only fanned ordinary people's fears."

"You can do your job as you see fit, or you can wait until people reach a satisfactory level of understanding. The scheme proposed by [former] Prime Minister Suchocka was designed to be implemented immediately, without considering the current level of people's awareness. You should not judge what we are doing in the light of the actions taken by a government composed of parties which lost out in the election. You could have won the election yourselves and then done whatever you wanted to do!" the URM boss lost his composure.

"Not So Black?

At the start of the meeting with journalists and local self-government officials Minister Strak appealed to all

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present to avoid an emotional approach to the problems on the agenda and to engage in a substantive debate, "for then it will become obvious that the devil is not so black as he is painted." However, the course of the debate demonstrated that the two sides could not communicate effectively because they spoke different languages.

On the other hand, it would be impossible to accuse the URM head of a refusal to engage in talks. After all, he has accepted an informal invitation by the organizers of the three-day conference to be run by the Opole Center of Local Democratic Structures and the F. Ebert Foundation. And the fact that usually nothing tangible emerges from conferences of this kind is neither here nor there....

Geremek, Oleksy Discuss Major Issues

95EP0022A Warsaw POLITYKA in Polish No 47, 17 Nov 94 p 10

[Statements by Bronislaw Geremek of Freedom Union and Sejm Speaker Jozef Oleksy of Democratic Left Alliance (SLD): "How Far Away Is It From Alliance to Union?"]

[FBIS Translated Text]

Jozef Oleksy, Speaker of the Sejm, Vice Chairman of the SdRP:

On the [Ruling SLD-PSL] Coalition

The haste, some confusion, and lack of experience that had accompanied the formation of the present ruling coalition caused the coalition agreement to be very superficial, and practice has shown that there is no canon disciplining the partners' programs and reciprocal conduct. Quite a few important program issues were not coordinated between the two partners; for example, nothing was settled upon concerning farm policy, and nothing other than generalizations was agreed upon in writing with respect to privatization either (it should be borne in mind that at the time Labor Union, whose attitude toward mass privatization is well-known, had participated in the program negotiations). Thus nowadays we are witnessing the articulation of many divergent views. At the time, however, we had believed that our overwhelming numerical predominance in the Sejm would suffice for an efficient joint governance. Admittedly, in accepting responsibility for the economy (as established), the SLD, which won the parliamentary elections, believed that it would be the dominant force in this alignment. Quite the converse happened owing to the simple fact that the prime minister's powers are in reality much greater than had been realized at the time [the prime minister, Waldemar Pawlak, is of the PSL, the Polish Peasant Party, not a leftist party]. I mention this not in order to disavow my own actions as the person responsible for program planks but in order to state honestly that this coalition, whose shortcomings and flaws are being so deplored nowadays, was conceived inexpertly, in the absence of adequate mutual knowledge between the partners, and in an atmosphere of mistrust. To this day, besides, there do not exist any mechanisms for clearing up these unnecessary mutual suspicions.

On the Alternative

The alternative, whether ensuing from Sejm arithmetics or, too, from certain program similarities, still remains the same: A coalition between Freedom Union and the SLD, which had not taken place immediately after the elections owing to the well-known stand of the Union. At present, however, I would oppose any movement leading to the break-up of the present ruling coalition. This is the period for voting on the budget and during this period no such gamesmanship should be pursued. Besides, forming a new coalition would require changes within these political parties, especially within the Union, where at present no major shifts in program planks can be perceived. A direct merger is not in the offing; that would be dangerous for both the SLD and the Union. At present a wholesale merger between Freedom Union and the SLD would not at all clarify the political scene or result in an improved governance of the country. After all, the sole purpose of any eventual changes should be to optimize the ruling alignment. For what matters most is not the standing or aggrandizement of one political party or another but the stabilization of positive economic trends, elimination of any threats to economic growth, the strengthening of democratization—whose fragility is visible to the naked eye in many situations—and bringing laws into order while retaining their continuity. In a word, the point has to be safeguarding the course of transformations in Poland rather than [political and personal] ambitions, slights, and prejudices. Note that while a Union-SLD coalition is the subject of frequent speculations, the rumor is that the PSL too may want to change partners. Under the present parliamentary alignment the PSL's room for maneuver is more limited. Or it could be that the Freedom Union would ally itself with the PSL and the Labor Union; then another alternative alignment would arise. I do not think that such an alignment is possible, but I may be wrong. The possibility of broadening the current coalition by including the Freedom Union also is not precluded, doubtful as it may seem for the time being. Speculations about a minority PSL government supported by the president also are arising.

Yet another alternative is an improvement in the relations within the governing coalition, although this is difficult and may be unstable. I am opposed to claims that by now the coalition has become burned out. It may not yet have matured and perhaps it can still be salvaged. For it is not clear what is due to differences in programs and what to unresolved issues and the confusion accompanying to some extent the formation of the coalition and still continuing to operate. This vagueness is some reason for hope. In some circles this coalition has been from the outset viewed as a "temporary necessary evil" due to the lack of an alternative. It is hardly surprising that this has affected the ongoing cooperation between

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the partners. When viewed from the standpoint of voters, which to me, for example, is an important standpoint, all these "variants" and impatient fidgeting may be even irritating in the light of the present living conditions and numerous unsettled issues. All the speculations being nourished and under way at present do not answer the question of the redeeming nature of an eventual new coalition. Such speculations also distract us from our own mistakes and readily justify them.

On the PSL's Image

I believe that the PSL is a party quite naturally oriented toward its constituency, adapting itself somewhat to the course of events and very malleable as can be seen from its political behavior in recent years. It is not unlikely, though, that the situation will unfold so that the Christian-peasant undercurrent within the PSL will become more prominent. For the time being, an anticlerical undercurrent also exists within that party and, while not demonstrated openly, it is tangible. Besides, it does not conflict with the religiosity of the PSL's members and sympathizers. This undercurrent has its own ancient traditions in the history of the peasant movement. Thus I think that both these trends will continue to coexist within the PSL, and its particular actions will be largely a function of political tactics. I believe that during the present term of the Sejm the PSL will not change radically and will continue to be what it is at present. Let us also bear in mind that participation in governance does affect the actions and strategic concepts of any political party.

On the Constitution

The Democratic Left Alliance must decide what would be its room for maneuver concerning the constitution, in the light of the slogans it has been proclaiming so far. If it is desired that the constitution be adopted and be the common good, then, naturally, a compromise has to be explored. A constitutional referendum could most likely be held in May or June next year, that is, in a politically overheated period, before the presidential elections. If a situation arises in which only the SLD and eventually the Freedom Union—to which we are close as regards many proposed constitutional provisions—will support the constitution, the struggle for a new constitution will become meaningless. Should the referendum reject the new constitution, that would be even worse than the absence of such a constitution, and in my opinion this would mean a major political crisis. In this event the parliament should presumably be dissolved, for the good of democracy and for the exploration of new democratic solutions through elections. Thus nowadays most political partners and framers of the proposed constitution face the need to define their views on the range of a possible constitutional compromise. (Comments by the Speaker of the Sejm as recorded during his visit to the offices of POLITYKA)

* * *

Bronislaw Geremek, Chairman of the Freedom Union Parliamentary Caucus:

On the Coalition

This coalition and government continue operating on the basis of the common interest of both parties in exercising power rather than on the basis of a joint program. I even have the impression that the programs of these two parties have become so divergent that, properly speaking, any time a strategic decision is taken it reflects their internal schism. Nevertheless, I do not think that the coalition will collapse soon, not because of the absence of an explicit alternative at present, but because of that abovementioned common interest. The draft budget for the next year is a good example. It had seemed that it would result in a sharp dispute which the coalition might not survive. After all, given such divergent programs and electorates, such fundamental issues as to whether to give more subsidies to agriculture or to the industrial dinosaurs, to town or to country, would surface. Yet no such crisis has arisen. For we all were surprised by the vigorous growth of the economy, due to the policy pursued in the last five years, which warrants either a rational modernization policy or a distribution-oriented policy. I fear that the two parties will not agree on the former but will find a way of agreeing on the latter. In assessments of the government's performance it is being emphasized that it has not acted contrary to the growth trends of the Polish economy. This happened owing to, among other things, the growing independence of the economic domain, which follows more or less its own path, despite the huge, and simply unprecedented anywhere else, inertia and dithering of the government. Still, this is not an optimistic conclusion. In economics and politics the effects are long-term in coming, which means that the consequences of the blockage of privatization or of the blockage of the modernization of agriculture will make themselves felt in a year or two when it will be too late for a change without additional costs to the society. Poland is facing a historic challenge, namely, that of building a democratic capitalism, and any inability to respond to this challenge will adversely affect many future years and may color the fate of an entire rising generation.

On an Alternative

I do not know whether at present there exists any alternative to the current governing alignment. Let us consider whether such an alternative is needed. The principal Polish problem toward the end of 1994 is the need for a rapid modernization of the Polish economy and further reform of the state. At present there does not exist any clear-cut division between parties which support modernization and reforms and those opposed, so that it is not possible to tell which parties should form a coalition with what others. The divisions run within parties. Moreover, all alignments are complicated by the past, which is a highly important factor on our political

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scene. The year 1989 [the collapse of communism] cannot be considered a holiday now past. It rather is a watershed period on which every political force must take a position. I cannot conceive of any political force with which I am associated as accepting a coalition alignment with any force which refuses to acknowledge that historic watershed. Yet the SLD itself is not united about this issue. Some of its members celebrate PRL [Polish People's Republic] anniversaries while others view the PRL as a closed chapter and are apologetic about it. Thus, political coalitions require a prior programmatic elucidation. I do not consider it possible for a coalition between the PSL and the Freedom Union or between the SLD and the Freedom Union, as based on the principle of a simple division of powers, as an alternative to the current PSL-SLD ruling coalition. It would have to be a coalition based on a considerable similarity of party programs, and it would have to include an unequivocal view of the past. While I do not claim that there is no alternative to the current ruling coalition, I believe that it must undergo far-reaching internal changes before any alternative coalitions can come under consideration. I must admit that I had expected such changes to occur during the first year of existence of the coalition, and my expectations did not come true owing to, among other things, the recorded fast economic growth and hence a greater gross national product to distribute. This suffices to maintain the status quo. That is why, although I view the SLD-Freedom Union coalition established in Warsaw as an important step in overcoming various divisions, including divisions relating to the past, I caution against treating it as an automatic opening of the road to parliamentary coalitions.

On the Image of the PSL

The PSL is the only class party on the Polish political scene, the only party representing the interests of a single social group, and one moreover that is aware of its own genealogy. It has never—not even compared with the SdRP—undertaken an honest appraisal of its past as a coalition partner of the [former communist] PZPR. At present it is appropriating to itself an imaginary ideological past by claiming descent from the traditions of the [prewar] Polish Peasant Grouping. Nowadays the principal question which it faces is whether it will be a party defending the present state of the Polish agriculture and countryside or a party supporting the modernization of Poland and hence also of the countryside. I believe that facing this issue will require an internal regrouping of the PSL. Even now there are within the PSL some individuals aware that our country's entry into Europe, and hence also changes in Polish agriculture, are in Poland's interest. But they are in the minority. Usually the PSL's views are dominated by those who declare that the current situation must be preserved, because the more people are linked to farming the more vote for the party. Thus, it is in the PSL's electoral interest to preserve the old structure of agriculture. Of course, also important to the PSL is gaining the support of the Roman Catholic Church and operating, even in a limited manner, in accordance with the formula for a Christian democratic party. I must admit, however, that any reflections that view, or would like to view, the PSL as a Christian democratic party verge on the ludicrous so far as I am concerned.

Fewer Small Businesses Than Initially Thought

95EP0020B Warsaw GAZETA BANKOWA in Polish No 43, 22 Oct 94 p 5

[Article by (SL): "The Great Secret of the Small: In Poland There are Fewer Firms Than Shown in REGON"]

[FBIS Translated Text] Discussions about the great importance of small business in the economy are dull, especially since it is not really known what is really happening in that sector. There is agreement only that small business is the largest part of the gray market which, in some people's opinion, creates as much as thirty percent of the GNP. The need to study small firms has been talked about for several years, but at the moment there is not enough money for this.

One in Five Replied

The Chief Statistical Office [GUS] collects information regularly from productive enterprises employing more than fifty persons, or in other areas, those with more than twenty employees. Failure to fulfill this responsibility risks a five million zloty fine. It happens more and more often that even large units refuse to give information to GUS. The emissary of one well-known firm appears at GUS every month—not with a report, but with those five million zlotys. The lack of individual reports doesn't spoil the picture for good statistics, but in some countries tougher sanctions are imposed so that the hiding of data does not become a plague. In 1991 and 1992, GUS sent survey questions to about five percent of firms employing fewer than five people. Last year, it sent them to ten percent, which means that 170,000 surveys were sent. Only one in five addressees sent back the surveys voluntarily. Less than half (around 77,500) were collected after personal visits from the statisticians.

And So What?

In turned out that only 0.4 percent of small firms have traditions stretching back to the immediate postwar years. About 1.4 percent were formed in the least advantageous period (the years 1951-1970), and 35.1 percent began in the twenty-year period from 1971 to 1990 (though a better end-point for statistical purposes would be 1989, until the introduction of the law on initiating economic activity which resulted in an explosion of business). Over two-thirds of small units, 63.1 percent, began in an economy based on Balcerowicz's rules.

It is known that 136,205 people work in those 77,469 firms, which works out to less than two people per firm. The average unit income in 1993 came to 633,377,000

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zlotys. And that is about it, because nothing is known about these firms' results, since the results obtained were generally contrary to logic. Officially, our small business not only does not make money, but firm owners subsidize their own economic activity.

Polish statisticians are only now preparing analyses which will give a more or less accurate picture of reality. Thanks in part to the PHARE foundation, they are learning research methods used in the West, though it will be some time before we reach the situation there, where one statistician is continually in charge of only fifty firms. GUS would like to create a general survey of small firms, but it is already known that there will not be enough money for this next year: the cost is estimated at 200 billion zlotys. For now, such a survey has been completed in just five small counties (the city and counties of Bolkow and Rozan and the county of Strykow).

Records showed that in these counties there were 851 firms employing up to five people. The new study showed that 245 firms—that is, over 35 percent—exist only in the register, since they have been liquidated. Another 51 were recorded twice. Since the statisticians managed to uncover 140 units not listed in the records, there are in fact 695 firms in these counties. Assuming that a similar proportion holds for the entire country, we have not about 1,700,000 small firms (as is generally assumed to be the case), but about one-quarter less.

Without Employers

Trade and service units dominated in the counties studied, with 45.6 percent; it is interesting that there were slightly fewer than in the records, while the share of industrial units turned out to be higher (in the REGON records, 15.5 percent; actually, 19.7 percent).

Of all units, 88.9 percent were private firms and 9.5 percent (generally the largest) are organized as corporations ninety percent of which are public and ten percent of which are limited-liability corporations.

Most firms (76 percent) kept records in the form of income-outcome ledgers; the average income shown by the firms in this group was 652 million zlotys. Only 2.8 percent use accounting books; the average income of these was 969 million zlotys. Over 21 percent (generally older firms) continue to use tax sheets; their average income was 195 million zlotys. Only three out of four firms operate all year.

Close to 74 percent of the firms' employees are the owners and their family members. Not even the owners are employed in over eighteen percent of the firms; they have jobs elsewhere and moonlight with their firms. Since over half the firms show a single employee each, one can assume that less than one-third of the small firms are employers sensu stricto. But only 6.6 percent of the firms employ four or five people.

Slightly more than thirteen percent of the firms had income surpassing one billion zlotys. The majority show income less than 100 million zlotys. It is worth remembering that the tax calculated as a lump sum from income—which was introduced at the beginning of this year and which was supposed to lead to the mass bankruptcy of the smallest firms—comes to [an average of] 500 thousand zlotys monthly, which means that the owners of firms covered by this tax are paying as much tax as would someone earning 2.5 million zlotys monthly.

The research conducted in the five counties was a preliminary verification of the records; no attention was paid to the firms' results, investments, etc. As long as there is no trustworthy data, all debate about Polish small business will be faulty.

Weekly: Privatization Substantially Reduced

95EP0023A Warsaw GAZETA BANKOWA in Polish No 49, 3 Dec 94 p 25

[Article by Malgorzata Pokojska: "The Mountain Gave Birth to a Mouse: The Stabilization-Restructuring-Privatization Program Will Comprise Twenty or at Most Forty Enterprises Instead of the Projected 200"]

[FBIS Translated Text] Mass privatization programs elicit no enthusiasm in Poland. The National Investment Funds could not get started for a year and half and the program for Stabilization-Restructuring-Privatization (SRP) has been under negotiation with the European Bank for Reconstruction and Development (EBRD) for two years. During that period, this program, whose principal purpose is to bring about the recovery of poorly performing enterprises and to privatize them, has shrunk in scale to little more than an experiment.

* * *

Initially Polish banks were very positively disposed to the EBRD's proposal; the Stabilization-Restructuring-Privatization program was o be a continuation of the processes of financial restructuring set in motion by the Law of 1992, a law which remained binding until the end of the first quarter of 1993. At present only the two most persistent banks, the Universal Credit Bank of Warsaw, and the Savings and Loan Bank of Lublin (BDK), have remained on the field of battle.

Few Banks

Thus, as regards the part of the program whose start was determined by the "framework agreement" with the EBRD signed last week, only two of the eleven banks named in the document will participate. This restricts the program's scope greatly, for the number of participating banks is decisive to the number of enterprises, because it is precisely the banks that are to be active in forming joint-stock companies in partnership with the EBRD and the State Treasury and in selecting and restructuring the debt-laden enterprises.

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Enterprises qualifying for the program must demonstrate clear-cut prospects for growth even if temporarily they are drowning in debts.

The assumption is that each bank will be the starter of an investment company and each company will engage itself with at least 10 but not more than 20 enterprises. Commensurate with this project is the EBRD's $80 million, of which one-half will be in the form of paid-up capital invested in the companies and the other half in loans to Polish banks, which would also contribute capital.

As for the enterprises' credit needs, they will be met by the abovementioned banks in accordance with general principles. This is a kind of privilege accorded to the debt-laden participants in the program who would otherwise be adjudged not creditworthy.

The program is, according to its creators, open to any bank, not just to the abovementioned eleven. The EBRD had expected a broader scope and set aside greater funds for this purpose, and it presumably must be feeling somewhat disappointed. Guy de Selliers, a vice president at the EBRD, declared, whether as an encouragement or as a warning, that if the Polish experiment produces good results, the program will also be offered to other countries of Central-East Europe. If they view it with approval, the next privatization program developed in Poland will be emulated abroad, like the Czech variant of mass privatization.

When asked why the Savings and Loan Bank of Lublin stuck to the Stabilization-Restructuring-Privatization Program while its sister banks ceased to be interested in it, Marian Stefanski, director of the office of capital investments at the Lublin bank, answered that this concerns creating creditworthy borrowers. The bank is not interested in bankrupting enterprises, and it does not either want to mechanically write off bad debts. It wants to have steady and solvent customers.

Many Enterprises

At the enterprises, unlike at the banks, interest in the program is rather high. Even before the agreement with the EBRD was signed, some thirty enterprises declared their willingness to the Ministry of Privatization. Generally, they learned about the SRP Program from the press, which itself did not pay much interest to this topic. As for the banks, they already have, in principle, their own choices, local bad debtors who show promise of recovery, and they are receiving requests from enterprises which try not to overlook any chance.

The Lublin bank for example, has been contacted by two "outside" enterprises in addition to the 14 selected from its own portfolio, and it has declared that it will also be open to outside applicants with promising chances for successful restructuring and privatization.

Profit is the Criterion

But neither applications from enterprises nor the preliminary selection of promising applicants by the banks are of formal significance. The program envisages that while the selection of enterprises will be handled by Polish banks, it will be done so jointly with the EBRD. Consent to being included in the program must be expressed by the applicants themselves as well as by the Ministry of Privatization and the Ministry of Industry. The inclusion of enterprises in investment companies (shares, stock, fixed assets) is to be approved by the Council of Ministers and confirmed by the prime minister's signature, a signature nowadays hard to obtain.

Most of the enterprises under financial restructuring need an injection of capital or a change in management, or both. Such a possibility is provided precisely by the SRP program.

Enterprises qualifying for the program must meet specific "technical" requirements. Their annual turnover should be at least 115 billion zlotys. There is no upper limit, which means that, formally considered, Romet (with a turnover of 1 trillion zlotys) and a tanning plant in Wlodawa selected by the Lublin bank, have equal chances of being accepted. The decisive criterion will be the economic one—this concerns enterprises with definite growth prospects, even if they are temporarily drowning in debts.

That is because the SRP is not an assistance program per se; it is above all a business program. After five years it is to culminate in success, that is, to yield profits to all its participants and partners. Following their successful financial and material restructuring, the enterprises will be put up for sale.

Proceeds from that sale will be divided among partners depending on the size of their paid-up capital (with priority given to financial capital ahead of material capital). Everyone wants to earn as much as possible.

More Freedom

Investment companies with the participation of Polish banks are, in the opinion of experts, to reduce the risk of the financial capital contributed by the EBRD, which is not covered by guarantees of the Polish Treasury. In this connection the form of relationship between the partners has been the subject of prolonged discussion. Initially it was to be a limited partnership, later a joint-stock company, and ultimately it was agreed that the founders—the Polish banks and the EBRD—had freedom of choice of the legal form.

This not only simplifies the program but also excludes the government from the negotiations, which assures the primacy of economic preferences of the banks. The founders will be able themselves to decide on such fundamental questions as the criteria for enterprise selection, the rules of company management, and the rules for distribution of profits.

The projected timetable provides for establishing the companies even before this year is over. Capital is to be contributed early next year. This will require a decision by the Council of Ministers. At the Ministry of Privatization a cheering thought is that this time it will act

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jointly with the Ministry of Industry which, it is worth noting, enjoys much greater support from the prime minister.

Gas, Petroleum Deposits, Extraction Costs

95EP0023B Warsaw ZYCIE GOSPODARCZE in Polish No 45, 6 Nov 94 p 37

Unattributed article: "Polish Petroleum and Gas Extraction: Deposits and Extraction"]

[FBIS Translated Text] Natural leakages and wells of crude petroleum have been known in Poland as early as since the mid-16th century. The petroleum was used for curative purposes, as a lubricant for cart wheels, for preservation of lumber, and for lighting purposes. Petroleum deposits as a rule are accompanied by deposits of natural gas. Hence, prospecting for first gas was carried out in oil-bearing areas. Limited deposits of natural gas of industrial importance were discovered in the Carpathians before World War II. They included Jaszczew in 1908, Roztoki-Sobniow in 1922, and Strachocina in 1928. That gas was used locally for heating purposes, and also at the Mecinka Power Plant near Krosno to generate electricity transmitted via the local power grid to neighboring counties. By 1945 about 3.4 billion cu m of gas was extracted from the deposits.

In the years 1946-1955 additional small gas deposits were discovered in the Carpathians (Szalowa, Sanok-Zablotce) and in the Carpathian Piedmont (Marklowice, Debowiec Slaski, Pogorz, Wojslaw, Niwiska) but they did not contribute significantly to the overall volume of domestic extraction of natural gas.

It was only the discovery of large deposits after 1956 in the eastern Carpathian Piedmont (Lubaczow, Przemysl, Jaroslaw), and next in the Polish Lowland (Uciechow-Bogdaj, Tarchaly, Czeszow) that resulted in a marked increase in the extraction of natural gas.

In the years 1946-1950 the annual volume of gas extraction was about 160 million cu m, of which some 140 million cu m from the Carpathian Piedmont. Since then, owing to continuing discoveries of new deposits, especially in the Carpathian Piedmont, extraction has been steadily rising. After 1953 it exceeded 300 million cu m annually; after 1962, 1 billion cu m; after 1967, 2 billion cu m, and since 1970 as much as about 5 billion cu m has been extracted annually.

In 1970 the gas deposits in the Polish Lowland began to be developed. The peak of domestic extraction occurred in 1978, when it exceeded 7.5 billion cu m. Since then extraction has been falling slowly to 5 billion cu m in 1989. The decline in extraction in the years 1990-1992 (less than 4 billion cu m annually) was due to a marked limitation of domestic demand for gas and the maintenance of imports on the basis of barter agreements.

The gas present in the Polish Lowland contains varying quantities of nitrogen (15-80 percent). Deposits with a high nitrogen content (more than 70 percent), such as Zbaszyn, Babimost, Kargowa, and Miedzyzdroje, have not yet been developed. The cost effectiveness of developing deposits of this type is being worked out at present with allowance for their costly desulfurization and nitrogen removal. The development of some deposits is additionally complicated by their considerable content of hydrogen sulfide (as much as 10 percent).

Nitrogen-containing gas, extracted and distributed through a separate transmission system, contains 40-85 percent methane and its calorific value is within the range of 4,000-6,500 kcal.

Economic analyses conducted in 1993 showed that the unit cost of extracting high-methane gas from our deposits—and hence also the price of the gas—is much lower than the contractual unit price of the gas imported from Russia. The profitability of extraction of nitrogen-containing gas is lower than that of high-methane gas, owing to the additional needed investment outlays and operating cost of equipment and facilities (nitrogen removal) for the treatment and purification of nitrogen- and sulfur-polluted gas.

The aggregate extraction cost of high-methane and nitrogen-containing gas amounted to about Z4.3 trillion [zlotys] in 1993, of which the cost of prospecting was about Z3.3 trillion. At present the economically most attractive regions are the Carpathian Piedmont and the Carpathians.

The average proving cost per 1,000 cu m of gas in 1993 was Z374,800 ($17.55) in the Carpathians and Z552,100 ($25.86) in the Carpathian Piedmont, and the average for the PGNiG [State Petroleum and Gas Extraction Corporation] was Z792,700 ($37.13). The increase in the mean cost of proving gas reserves in 1993 was due to the failure to prove the reserves in the Lowland. This resulted in a declining indicator of capital investment effectiveness in the Lowlands while the mean national such indicator remained at a profitable level (mean of 5.79 percent for the PGNiG in the years 1989-1993).

The indicator of capital investment effectiveness (which shows the ratio of the value of the proven reserves to the cost of prospecting in a given year or period) was 7.15 for the Carpathians and the Piedmont and 2.93 for the Lowland (means for the years 1989-1993), or altogether a mean of 5.79 for the PGNiG. In 1993 this indicator averaged 2.38 nationwide for the PGNiG and was the lowest in five years.

The much-expected proving of gas reserves and development of gas deposits require fixing gas prices at a level that would at least offset the cost of prospecting, development, extraction, transmission, and distribution of gas and the outlays on the transmission and distribution system.

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In most West European countries the sales price of gas to industrial customers is $.14-.16 per cu m, and to household consumers $.25-.56 per cu m. But in Poland the price of gas to industry amounts to $.10-.12 per cu m and to households $.15-.17 per cu m.

The extraction of natural gas from domestic deposits in the years 1994-1996 should increase to 5.8 from 4.7 billion cu m owing to the development of some of the newly discovered but previously intact deposits and intensified extraction from already developed deposits. A further increase in extraction to 6.2 billion cu m by the year 2000 will be possible if the deposits to be discovered through prospecting become developed as of 1997.

After 2000 a gradual decline in extraction to about 5.6 billion cu m annually will set in; of this amount, about 2.35 billion cu m of gas will be extracted from high-methane deposits and about 3.3 billion cu m from nitrogen-containing deposits.

To maintain natural gas extraction at that level, the PGNiG has obtained a credit of $310 million from the World Bank and the European Investment Bank. It is expected that this credit will be spent on:

—Well drilling, adaptation of boreholes, and development of deposits.
—Stimulation and tests of boreholes and deposits.
—Construction of pumping stations on gas fields.
—Desulfurization of gas.
—Underground storage of gas (Mogilno PGM).

These activities should result in increasing natural gas extraction to the extent of at least 30 billion cu m in the years 1991-2010.

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Delegation Views Importance of Vienna Visit

AU2112195694 Bucharest DIMINEATA in Romanian 16 Dec 94 p 1

[Unattributed report: "The Visit of the Romanian Parliamentary Delegation to Vienna Showed Increased Interest for Expanding Bilateral Relations Between Romania and Austria"]

[FBIS Translated Text] The revival of economic and political relations between Romania and Austria was the major goal of the visit paid by a Romanian parliamentary delegation to Austria, Adrian Nastase, the head of the delegation and the president of the Chamber of Deputies of the Romanian Parliament, stated at a news conference on Thursday, 15 December.

This goal was induced mainly by the bottleneck in relations between the two countries, which, in the past five years, have paid greater attention to internal problems.

Apart from bilateral relations, the sides also touched on the issue of harmonizing Romania's relations with the Western European Union, a body of which Austria has become permanent member and of which our country is going to become anassociate member on 1 January 1995.

The visit, which took place on 12-14 December at the invitation of the speaker of the Nationalrat, Heinz Fischer, occasioned meetings at the highest level with political personalities, namely Thomas Klestil, Austria's federal president, and Austrian Chancellor Franz Vranitzky, as well as with representatives of important business and banking circles in that country. During these meetings, an increased interest was showed for the expansion of relations of economic cooperation and the achievement of large-scale investment projects in Romania in the areas of tourism, banking, and transportation.

Regarding the speculations that have appeared in the press in connection with the threats against the life of Eva-Maria Barki [Romanian lawyer of Hungarian origin living in Vienna], the president of the Chamber of Deputies mentioned that the authorities did not pay particular attention to this case during the official meetings. Adrian Nastase stated that the only danger to Eva Maria Barki is that of "dying of political idleness" by losing the credibility of her actions.

Tinca on Modernization Progress, Budget Woes

AU2112161194 Bucharest CURIERUL NATIONAL in Romanian 16 Dec 94 pp 1, 4

[Report by Monica Szlavik on news conference by Defense Minister Gheorghe Tinca on 15 December in Bucharest: "The Army's Staff Will Be Cut by 25 Percent"]

[FBIS Translated Text] At a news conference yesterday, Gheorghe Tinca, minister of national defense, presented the dynamics of the activity and evolution of the Romanian Armed Forces in the two years of the Vacaroiu government, with its pluses and minuses. At the beginning, in reference to defining the Army's specific legislative framework, the minister mentioned the obstacles to implementing this goal: the delay in the introduction of the relevant draft laws on the Parliament's agenda; the slow pace of their adoption; and the absence of relevant draft laws for the activity of the ministry (such as the law on the public servant's status, the law on the legal system of publicly owned assets, and so forth). The Army's reorganization, which began on 1 November 1993, will be completed next year. Also in 1995, the Ministry of National Defense plans to set up three new infantry battalions (in Iasi, Craiova, and Timisoara), capable of participating in "peacekeeping" missions, at the request of the United Nations. Regarding combat readiness, the following target was set for the 1992-94 period: to increase the operational capability of the Armed Forces. The impact, complexity, and quality of tactical exercises and drills increased especially in 1994, when three large-scale tactical exercises with troops were carried out (code-named Siriu '94, Jubilee '94, and Pontica '94), compared to only one held in 1993. The combat preparedness plan for land troops was achieved with a reduced number of drills in 1993-94, namely 10-20 percent fewer than in the 1991-92 period. In the Air Force, the number of simulator training hours was reduced by 7 percent in 1993, compared to 1992, and by 5 percent in 1994, compared to 1993. Regarding order and discipline in the Army, Mr. Minister Tinca said that it was not up to the level of requirements in 1993-94, although violations went down by 5 percent. Of course, the most difficult problem faced by the Army, particularly in 1994, was the air force accidents and disasters, which resulted in 11 airplanes destroyed and five military men and four civilians dead. Some 63 people were sued in the January 1993-October 1994 period for the conclusion of disadvantageous contracts, for the incorrect administration of the assets of military units and subunits, and for other violations of the law. We achieved autonomy in the military education system, but the progress made by the reform process in this respect is considered still minor. We have a young Army; the average age is 37 for officers and 35 for NCO's.

The Ministry of National Defense's concept on improving armament, technological, and material supplies is to shift emphasis from the quantitative to the qualitative, by modernizing the Army and implementing technical and technological solutions comparable to those in developed countries. In 1994, 70 percent of the Army's budget earmarked for supplies was used to purchase domestically made products. The major difficulty in the implementation of the Army's programs is the lack of financial resources. For instance, the 1994 budget only covered 65.99 percent of requirements. Regarding social protection, a new wage scale was adopted, with larger bonuses; however, the housing crisis persists. Only 1,600 dwellings have been allocated since

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1993, when the demand was for 22,000 housing units. Returning to financial problems, Minister Tinca said that Romania spent 1,260.3 billion lei for defense purposes in 1994, from the 1,439.5 billion lei allocated to its overall budget. The draft budget for 1995 envisages some 2,095.32 billion lei.

In the past two years, our country has fulfilled the obligations it has assumed with the signing of the treaty on the conventional armed forces in Europe in a proportion of 55 percent. At the foreign level, the major goal was to create conditions for integration in NATO's military structures. Thus, more than 62 percent of the international military cooperation in the 1993-1994 period were with the armies of Western countries, compared to 55 percent in 1992. In 1995, the Army plans to finalize all the processes started in the previous years and to further work for integration in NATO and the Western European Union. In conclusion, Minister Gheorghe Tinca said: "The Romanian Army is irreversibly committed to the process of the Romanian society's restructuring."

More on Tinca Remarks

AU2112153494 Bucharest TINERETUL LIBER in Romanian 16 Dec 94 p 3

[Unattributed report: "The Number of Suicide Cases in the Army Has Dropped in 1994"]

[FBIS Translated Text] The number of military offenses has dropped by 5 percent in the 1993-1994 period compared to previous years. In accordance with the data presented by Defense Minister Gheorghe Tinca on 15 December and quoted by MEDIAFAX, in the past two years of the current executive's term, 63 criminal investigation files have been opened, in which 171 people (four generals, six officers, 76 NCO's, four conscripts, and 21 civilian Army employees) are involved. The number of victims increased in 1994 compared to 1993 mainly because of the improper handling of weapons, ammunition, explosive devices, and traffic accidents. One might add to all this the plane crashes—in which four pilots, a board operator, and four passengers died—and the destruction of 11 aircraft (one MiG-29, two MiG-23's, four MiG-21's, one IAR-99, one AN-26, and two helicopters IAR-330).

Cases of suicide and suicide attempts in the Army have substantially dropped in 1994 compared to previous years: three soldiers, one defense contractor, 12 conscripts, and no civilian employees, for a total of 16 persons. In 1993 there were 58 cases of suicide or suicide attempts registered, 55 in 1992, 54 on 1991, and 11 in 1990. The situation is similar with previous years when 56 such cases were registered in 1989 and 45 in 1988. Apart from these statistic reports, Minister Gheorghe Tinca also mentioned the reasons that led to suicide, namely the social factor as well as old practices and mentalities.

The structure of the military personnel of the Defense Ministry who work in the defense industry must be reviewed, said Minister Gheorghe Tinca, during the news conference held on Thursday, 15 December. "These officers spend a long time there and probably have forgotten their role and duties" said Minister Tinca. He expressed the belief that officers should be sent to retraining courses," to various battalions and units throughout the country "in order to at least get into shape." The minister believes that since defense industry production has dropped and the number of personnel has remained the same, the situation must be reviewed in order to turn quantity into quality.

The set of 14 measures, drafted for the improvement of the situation in the area of military aviation, refer mainly to drills and training pilots. Minister Gheorghe Tinca said that by the end of 1995, a number of 60 flying hours for each pilot are being planned. This training will be achieved by increasing the number of planes, purchasing a simulator, and improving infrastructure. According to the minister, an important factor in the process of reducing accidents is to improve military discipline.

SPP Imports Israeli-Made Handguns, Ammunition

AU2112140994 Bucharest EVENIMENTUL ZILEI in Romanian 17-18 Dec 94 p 16

[Report by Gina Anton, Lizeta Haralambie: "The Bucharest Guard and Protocol Service Imports Weapons by the Ton"]

[FBIS Translated Text] On Thursday, 15 December, at noon, in Constanta port $328,200-worth of arms imported from Israel was unloaded from the ship Zim Antwerpen. The shipment consists of 100 Jericho-type pistols and 1.2 million rounds of ammunition of various calibers.

The importer is the Bucharest-based Military Unit 06514, located in 2 September 13 Street in the 5th District, which belongs to the Guard and Protocol Service (SPP) in charge of guarding the legislative headquarters. Payment for the arms, which weigh 468 tonnes, was made in advance via the BRC [Romanian Bank for Foreign Trade].

The import license was issued by the General Direction for the Administration of Romanian Trade Policy within the Ministry of Commerce.

Custody of the containers was taken over from the port Customs authorites by Gheorghe Tiron and Cornel Comisan, both employees of Military Unit 06514, who identified themselves by presenting signature cards.

Spokesman Views NATO Membership, Other Issues

AU2112131294 Bucharest DIMINEATA Supplement in Romanian 13 Dec 94 pp 2, 3

["Transcription" of news conference with Ambassador Traian Chebeleu, presidential spokesman and counselor, in Bucharest on 25 November]

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[FBIS Translated Excerpt] [Chebeleu] I have a statement to make for Mrs. Gilda Lazar. I do not know whether she is here today, but I still make that statement, for the record, because I owe her this answer.

I am in a position to confirm that Mr. Iliescu made a speech during one of the 1968 sessions of the Great National Assembly condemning the August 1968 armed intervention of the five Warsaw Treaty states in Czechoslovakia. The text of his speech was published at that time by the press, and a report on that speech can also be found on page 34 of the book entitled Revolution and Reform, the author of which is the president.

It is true that Mr. Iliescu headed the Romanian delegation participating in the youth festival organized in Sofia, but this event took place at the end of June and beginning of July 1968, whereas the Great National Assembly session opened after the invasion of Czechoslovakia, on 22 August 1968.

I would also like to point out that there is no such thing as an official biography of the president. The sole biographical elements that may be considered official—that is: trustworthy, as they come from the president himself—are the ones included in the book entitled Revolution and Reform, of which there is now also a French version.

The Question and Answer Session

[Horia Pop of ROMPRES] Lately there are intense discussions—and not just in the press—in connection with the prospects for Romania's admittance to European bodies, especially the WEU [Western European Union] and NATO. Mr. Ambassador, I would like to ask you to comment on the discussions at the international level regarding the expansion of NATO in the East, as those opinions are not always favorable to Romania, and NATO's priority orientation toward the Central European countries—namely those belonging to the Visegrad group—is quite obvious.

I believe that recent statements made by Hungarian officials—such as the one saying, quote, Budapest does not wish to join NATO or the WEU hand-in-hand with Bucharest, unquote, are not unimportant. Is there any kind of competition in that sense between Romania and Hungary?

Finally, I believe that we should not ignore certain points of view circulated in the Romanian media according to which Romania is not yet sufficiently prepared to join NATO, as very precise criteria have to be met before such a thing becomes possible. If I remember correctly, Mr. Petre Roman, upon his return from Washington, even named them. The supporters of the latter idea also claim that Bucharest is prepared to orient itself, rather, toward the East.

Thus, Mr. Ambassador, there are several aspects to this issue that I would like you to address.

My second question: The press claims that President Iliescu will be questioned by the senatorial panel investigating the December 1989 events. I would like you to confirm or deny the president's participation in that hearing. Thank you.

[Chebeleu] Regarding your first question: Indeed, efforts are being made with a view to the association of those security bodies with—and even expansion toward—the Central European countries; and, indeed, they are discussing the expansion of NATO so as to embody the Central European countries.

Of course, there are also other tendencies, such as the ones you mentioned, to separate or create a distinction—to not call it discrimination—among the East European countries. They are manifest at the level of positions expressed by political or other personalities.

So far we have only been able to experience a single kind of policy—namely: that of non-discrimination of all these countries—for which we have publicly expressed appreciation on a number of occasions; and we do hope that this policy will be maintained in the future, since it is, in our opinion, the only one beneficial to the genuine strengthening of security in this part of Europe, in Central Europe and in Europe in general.

In connection with the idea of joining such bodies separately or not separately, whether or not we should "hold each other's hands," I have said it before: We hope this non-discriminatory position will be maintained.

In connection with the criteria that have been pointed out or contoured—let's use that term—at the North Atlantic Assembly, I believe we meet those criteria, at least as much as Hungary does if the same units of measurement are used.

On a larger plane, in connection with the other issues mentioned by you, I would like to emphasize that our, Romania's, option for full integration within the North Atlantic Alliance is clear and unequivocal.

Post-war experience demonstrates that NATO was the basic element in the maintaining of peace and security throughout Europe; it is the organization, the institution that managed to ensure the security and the democratic and prosperous development of its member countries; and I believe that it, among all European institutions, was the one that adapted itself most rapidly to the revolutionary changes that occurred in Central Europe beginning in 1989. Therefore our option is a natural one. We share the same values of democracy, pluralism, and human rights that the countries of that alliance do, and this has been emphasized during the visits, the two visits, of Romania's president to NATO headquarters in Brussels, as well as in our official request, published last year, calling for Romania's integration into NATO as a member-state with full rights within that organization. Besides, this objective is also included in the government's program.

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Under such circumstances, I believe that to doubt, for purposes pertaining to the internal political struggle, Romania's clear and unequivocal option to join NATO, under such circumstances—when, as I have said, they are discussing the issue of NATO's expansion—might send the wrong signals, with fatal consequences, I think, for our country's fundamental security interests.

Therefore I believe that we are emphasizing this option with sufficient clarity, since in that option we really see a chance to strengthen our security in a world that is quite confused and at a time when all around us there are so many hotbeds of conflict with an obvious potential for expanding.

In connection with your second question, of course I can confirm that the president will meet Monday [27 November] with the senatorial panel investigating the events of December 1989. Nevertheless, I must emphasize that I do not understand the great fuss about this issue. As far as I know, such hearings to not take place in public and I also believe that this nature of these hearings will be maintained in the future as well. I believe that is a precondition for the panel to successfully conclude the elaboration of their report.

[Carmen Radulescu of Radio XXI] Mr. Ambassador, I would like you to comment on the statement made yesterday to the BBC by Laszlo Kovacs, the current Hungarian foreign minister, on the current stage reached in the negotiations for the Romanian-Hungarian basic treaty. He said that some progress has been achieved but also mentioned that certain delicate problems persist—namely: the territorial claims and the ethnic minority claims. [passage omitted]

[Chebeleu] Referring to your first question, I have not seen any of those statements but have merely heard reports on them. In principle I believe we can agree with the assessment that there are positive elements, especially the fact that negotiations have been started among the experts—and I emphasize the word negotiations, because formerly we merely had exploratory talks on the still-open stipulations of the Romanian-Hungarian treaty.

Considering that, in principle, neither Hungary nor ourselves have any fundamental problems with the two clauses—that is: We declared ourselves willing to include the "minority clause," as you termed it, in the treaty, a clause consisting of stipulations in full concordance with the highest European standards; and, similarly, referring to the other clause, the Hungarian party has also asserted its readiness, in principle, to include stipulations clearly stating the reciprocal absence of territorial claims. Therefore, I believe that if we do agree on the level of principle, it should not be too difficult to draw up the text to reflect our agreement. [passage omitted]

[Grigorescu Grig Grigore of Chisinau MOLDOVA INDEPENDENTA] [passage omitted] Considering the great deal of experience you have, as well as the fact that I myself am inexperienced, the question I would like to ask you today is the following: On Monday, 21 November, the new envoy of the presidency, new ambassador plenipotentiary to Washington [as published] Mihai Botez, received an answer from the person who accepted those letters. Mr. Clinton said something like this: We are counting on Romania, one of the largest countries in that region, and hope that it will continue to closely cooperate with us—that is, with the United States—to achieve stability in the Balkans and [to cooperate] in the east with Moldova and Ukraine. Please, explain what the U.S. president said in a clearer way, because you are surely in a position to do so, since you learn about everything firsthand. You see, one paper publishes this and the other a different variant, but we wish to know precisely the angle from which these things are seen, in order to better understand Romania's relationship with NATO and the United States. I thank you in advance.

[Chebeleu] To be frank, I find it difficult to comprehend the subtleties implied in your question, so what I will do is answer your question according to what I think you have asked me.

It is an interest, or rather a doubtless fact, that the United States plays an important role in the maintaining of peace and security on the European continent and, as was also highlighted during the most recent talks our president had with President Clinton, we wish to further our cooperation with the United States, which should contribute to strengthening stability in our region; and whether we like it or not, Moldova and Ukraine are adjacent to that region.

Already, in the answer I gave Mr. Pop, I emphasized our option for integration into NATO—which, in my opinion, harmoniously blends with our cooperation with the United States. Therefore I do not see any upsetting things in the statement made by President Clinton in response to the speech by our ambassador, who presented his credentials.

I believe it should be no problem for our Foreign Ministry to publish the full text of the statement.

[Grigorescu Grig Grigore] I just wanted to make sure that there are no wrong ideas—namely, that Moldova represents a peril for Ukraine—as Moldova also has things that could be claimed back.

[Chebeleu] Now I see the nuance!

[Andi Barid of Tel Aviv Voice of Israel] From the SRI [Romanian Intelligence Service] report to Parliament we learned—without surprise, however—that the Iron Guard-type movements are becoming stronger in Romania, and that they are fully on the offensive. My question refers to three aspects: Does the presidency agree with that assessment in the SRI report? What is the opinion of the presidency regarding this phenomenon—

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is it a positive or a negative one? And does the presidency intend to take the initiative—that is, measures, steps—with respect to that phenomenon. Thank you.

[Chebeleu] First I would like to point out that the presidency does not have its own bodies carrying out activities parallel to the SRI, that allow it to confirm or deny what the SRI says, or, as a result of this, to agree or disagree with the things said or not said in the SRI report. The presidency, just like the government or Parliament, benefits from services performed by the SRI, which is the specialized institution authorized to watch out for potential perils endangering the security of the state. The Iron Guard-type movements do represent such a peril, as precisely defined in the National Security Bill.

Therefore the problem as to whether we, the presidency, do or do not agree with such assessments, should not arise. We take notice of the assessments, grant them due credibility, and adopt the necessary stance.

Referring to the second aspect you mentioned: without question, this is a negative phenomenon; and as for measures, each body of the law-governed state has its own kind of measures that should be taken. As far as the president is concerned, on countless occasions he has made public statements denouncing and condemning such trends. There are specialized bodies—the prosecution, the SRI, and other services—that should take action ex officio whenever such tendencies begin to take shape and genuinely endanger state security. Thus, each institution has its own responsibilities; and we hope that all of them fulfill their duties properly.

Thus the question of the president's taking other measures should not arise, aside from his expressing his point of view and thus, of course, drawing the attention of the competent bodies.

[Mircea Moarcas of ORDINEA] Mr. Ambassador, in connection with the question you just answered, considering the report forwarded by the SRI to Parliament, currently which are the priority spheres our special services should concentrate on? [passage omitted]

[Chebeleu] I do not think there can be any priorities in the sphere of the perils endangering our national security. The 1991 National Security Bill establishes in detail the actions that may be considered possible threats to our national security and I believe that our specialized agencies should concentrate equally on all such action categories.

The law establishes certain elements related to our national security, including tendencies to revive totalitarian, Iron Guard-type movements , and extremist movements that existed in Romania's older or more recent history, as well as separatist, revisionist tendencies that could endanger the integrity and territorial unity of our state. Generally speaking I believe that any attacks against the constitutional order or the democratic institutions of the law-governed state should be considered threats against our national security and treated with the priority they deserve.

Aside from this, there are also foreign elements that endanger our national security. I already mentioned the areas of tension around our country, and that is why the president insisted repeatedly on the need to ensure internal stability and on the importance of such stability for Romania, as a stability factor in the region.

I think that we should also consider elements that could undermine our national security—and here I am again referring to the first question in today's news conference—all the tendencies and actions running counter to our integration within Euro-Atlantic security structures, or counter to materializing our option to join Euro-Atlantic and European security organizations.

So, I believe that it is very difficult to establish a priority among all these factors—for any one of them could, at a given moment gravely endanger our national security—and therefore I believe that our special services should attach to each of them their due importance. [passage omitted]

[Peter Mag of Budapest NEPSZABADSAG] My first question: Since we are talking about the SRI report anyway—initially I did not want to raise the issue, but now we are talking about it anyway—I would like to respectfully ask you, Mr. Ambassador, to comment, in your capacity as a presidential counselor in foreign policy issues, on a remark of [SRI] Director Magureanu regarding an ambassador of a neighboring country, who is said to have visited a certain ethnic community 30 times within a year, and who incites, makes inciting statements, and so on.

After he made that remark, on Monday evening [21 November], during the debates in Parliament, it was clarified that he did not mean ambassador So-and-So; and yesterday he said that neither did he mean Ambassador Such-and-Such. I do not wish to know which ambassador he actually meant—because even newspaper readers, let alone journalists or analysts, will realize whom he really meant, and therefore his elegantly made remark is quite conspicuous. What I would like you to comment on is this: What will be the impact of that remark on Romania's relations with its neighbors—or particularly, that neighbor country? I am asking this because if the problem is merely confined to the person of that ambassador, as even newspaper readers know, it could have been solved by resorting to other channels—rather than publicly articulating the case in Parliament.

My second question also refers to a foreign policy issue. Yesterday, during the news conference held by Mr. Magureanu, he refused to answer a question in the area of foreign policy, explaining that he is not authorized and competent to assess the possible or imminent danger

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posed by the collapse of the, well, let me use quotes, of the "equilibrium" in Bosnia-Herzegovina following the recent NATO air strike.

If it is possible, please briefly comment on these two issues.

[Chebeleu] I will have to ask you to accept my comments exclusively as a private person, rather than a spokesman, because I have not consulted the president. I did not have the inspiration to do so, as I did not foresee this question.

In my personal opinion, the impact is undoubtedly a negative one, regardless of which of the neighboring states was actually meant. Personally, I myself did not have sufficient time to find out which one was meant. Generally speaking, I do not think that all these discussions, or the nature of the discussions on the SRI report going on both in the press and in Parliament, are beneficial at all; and I do not think such discussions correspond to the purposes of such reports; and if they continue, the authors of such reports will feel inhibited and the information they will deliver in the future will be even more general.

I do not think such reports are meant to be debated publicly; they are, rather, for the purpose of informing the legislators exerting control over the SRI and dealing with national security issues of aspects uncovered by the SRI that may or may not be confirmed in practice but that, however, are findings the SRI deems it necessary for the legislators to know about. So, I do not think that debating them publicly is beneficial; and as a matter of fact, I do not think this law was intended to trigger alarm in public opinion but was intended, instead, to alert the legislators regarding potential perils discovered by the SRI. Thus,I believe the public debate of such reports is not beneficial.

Of course, public opinion ought to be informed about the conclusions the legislators might reach following discussions of SRI reports. The example you mentioned with the ambassador who has not been named is a also a case that proves—and I am absolutely certain—that inconvenience and even tensions could be caused in our relations with a neighboring country. Not because the facts are not genuine, for maybe they are and maybe they're not, but rather because they have prematurely got into the center of public discussions; and since they are also discussed and even speculated upon, for whatever reasons, by the press, they might indeed have a negative impact on Romania's relations with its neighbors.

Therefore, in my opinion, such reports should not reach the press before certain and firm conclusions are available, about which public opinion should indeed be informed. Otherwise, all we do is create agitation and make waves at moments when, as it is, our society is facing enough problems and there is no need for any further, artificially-created, ones.

In connection with your second question, I think I will adopt a stance similar to Mr. Magureanu's, because I have no knowledge of any statements, such as the one you referred to, with respect to the imminent peril of a collapse of the equilibrium in Bosnia-Herzegovina. So I believe you should address that question to our Foreign Ministry, which is more closely following the evolution of the situation in that conflict.

I would like to emphasize once more that the comments I made replying to your first question are absolutely personal, and I insistently ask you not to ascribe them to anyone else. [passage omitted]

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Akashi To Hold Cease-Fire Talks at Airport

AU2112160394 Paris AFP in English 1544 GMT 21 Dec 94

[FBIS Transcribed Text] Sarajevo, Dec 21 (AFP)—UN special envoy Yasushi Akashi will meet Bosnian and separatist Serb leaders Thursday [21 December] to convene the two sides for talks at Sarajevo Airport aimed at achieving a cessation of hostilities, UN Protection Force spokesman Koos Sol said.

He was due to arrive in the Bosnian capital accompanied by UN forces commander General Bertrand de Lapresle and meet Vice President Ejup Ganic to discuss holding the talks.

The goal of the talks, starting Friday under UN auspices, is to achieve a complete cessation of hostilities throughout Bosnia by January 1.

A nation-wide ceasefire is due to come into effect at midday (1100 GMT) Friday under the terms of an agreement that former U.S. President Jimmy Carter mediated between Bosnian President Alija Izetbegovic and Serb leader Radovan Karadzic.

Karadzic said on Bosnian Serb radio that he had invited Akashi, along with the commander of UN forces in Bosnia General Michael Rose, to Pale, the separatist "capital," to start implementation of the agreement as early as possible.

Time should not be wasted as this was a good moment, the radio quoted him as saying.

Karadzic Links Agreement to Lifting of Sanctions

LD2112173794 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1830 GMT 21 Dec 94

[FBIS Translated Text] Radovan Karadzic, president of the Srpska republic, has said that, according to the agreement reached with Carter, a cease-fire should come into effect on 23 December, if all the conditions were met, i.e. if the Muslim army withdrew from Mt. Igman, the POW exchange was conducted, and other details agreed. The cease-fire would precede the total cessation of hostilities throughout the former Bosnia-Herzegovina, Karadzic said.

The president of the Srpska republic stressed it was vital for the Croatian Army to withdraw from the territory of the Srpska republic, given that Croatia was not a signatory to the agreement. Commenting on the talks with Jimmy Carter, Karadzic said that the Serbian side was presented with a new interpretation of the Contact Group plan, after which the Srpska republic decided to rejoin the peace process. This, Karadzic said, created a precondition for the immediate lifting of the sanctions that the FRY had imposed on the Srpska republic, and those imposed against the Serbian people by the international community.

Silajdzic Wants Western Ultimatum to Serbs

BR2212141794 Paris LE FIGARO in French 22 Dec 94 p 5

[Interview with Bosnian Prime Minister Haris Silajdzic by Xavier Gautier; place and date not given: "Peace Plan Should Be Accompanied With Ultimatum to the Serbs"]

[FBIS Translated Text] [Gautier] What did you come away with from your talks in Paris?

[Silajdzic] From [Foreign Minister] Juppe I received the assurance that France will defend Bosnia-Herzegovina's integrity and sovereignty. He also asked me whether we wanted UNPROFOR [UN Protection Force] to stay in Bosnia?

[Gautier] What was your answer?

[Silajdzic] UNPROFOR must stay and carry out its mission. In particular I suggested to Mr. Juppe that the peace plan for Bosnia (giving 51 percent of the territory to a Croat-Muslim federation and 49 percent to the Serbs) be accompanied by an ultimatum to the Serbs, because without a date of implementation there is no plan. Otherwise the international community will have to intervene.

[Gautier] Which is hard to imagine.

[Silajdzic] If it does not want to intervene militarily, then let it arm the Bosnians, or at least let it lift the arms embargo so that they can defend themselves.

[Gautier] You are now saying that you agree to the "creation of certain links" between the Bosnian Serbs and Serbian Serbs. What do you mean by that?

[Silajdzic] The Bosnian Serbs can enjoy broad autonomy. For example they could have dual nationality: Serb and Bosnian.

[Gautier] Is the door open to a future pan-Serb confederation?

[Silajdzic] Not at all. We reject any institutionalization of these links. We will never tolerate a challenge to the territorial integrity of Bosnia. I have nothing against greater Serbia, provided it respects its own borders.

[Gautier] What do you think of former U.S. President Jimmy Carter's peace initiative in Sarajevo and Pale?

[Silajdzic] Jimmy Carter managed to achieve a four-month cease-fire, and we are pleased with that. But that is not enough. What is important to us is to avoid digressions which prevent the peace agreement from being concluded.

[Gautier] Mr. Carter had very appeasing words for the Serbs.

[Silajdzic] I am indifferent about that. I know exactly what Bosnia will agree to sign, and what it will not. In any case, they will have to count on us.

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[Gautier] Do you not fear that after the trip to Belgrade by Mr. Juppe and his British counterpart, Douglas Hurd, France and Great Britain will try to engage in rapprochement with the Serbs at all costs?

[Silajdzic] France did not suggest a confederation between Serbs during the meeting with Milosevic early this month. On the other hand, London wants peace at all costs—at the expense of the Bosnians, if necessary.

[Gautier] You are leaving for Istanbul. What will you be looking for there?

[Silajdzic] I am going to meet with [Turkish] President Suleyman Demirel. Turkey plays an important role on the international scene. I hope to find decisive support for peace in Bosnia.

Krajisnik Optimistic About Cease-Fire Agreement

LD2112203294 Belgrade SRNA in Serbo-Croatian 1832 GMT 21 Dec 94

[FBIS Translated Text] Sarajevo, 21 Dec (SRNA)—The speaker of the people's assembly of the Srpska republic told SRNA today that he was optimistic regarding the implementation of Carter's plan for former Bosnia-Herzegovina. Momcilo Krajisnik is of the opinion that the new U.S. approach to the crisis is a sign that the end of the war is near.

"Mr. Carter's visit and his peace initiative represent a huge step toward the cessation of war in former Bosnia-Herzegovina because the leading world power has finally demonstrated its goodwill to replace weapons with diplomacy. The change in U.S. approach will influence Muslims and Croats who will not be able to continue the war if their mentor is for peace," Krajisnik said.

"After the first meeting with Mr. Carter, we agreed on the standpoints, according to which the Serbs must be treated equally and we agreed that it was necessary to try to relaunch the peace process. The other meeting with Carter took place because the Muslim side attempted to block this peace initiative, as it did on earlier occasions. The Muslims wanted to use Carter's plan to establish a cease-fire in order to abuse it, and to prepare fresh offensives as they did so many times before," Krajisnik said.

According to Krajisnik, even though it insisted on a lasting peace, the Serb leadership accepted the temporary four-month cease-fire in order to reactivate the peace process.

"We demanded that the UN and the Muslim side realize their previously agreed obligations before 23 December when the agreement on the cessation of hostilities should come into effect. This means that the UN must expel Muslim units from the demilitarized zone around Sarajevo, and that an exchange of prisoners based on the all for all principle should take place in accordance with the agreement reached in June this year," Krajisnik pointed out, and went on to say that "Carter also received a Serb demand for the withdrawal of the regular forces of the Republic of Croatia from the Livno-Kupres plateau where they have been carrying out a major offensive against Serbian territory."

According to Krajisnik, Carter's plan rejects the existing ultimatum to the Serbs to accept the Contact Group's peace plan as a precondition for the resumption of the peace process, and envisages the lifting of the blockade and sanctions against the Serbian people, which allows the Serbs to have equal treatment in the talks.

"After the initiatives by U.S. envoys Charles Thomas and Jimmy Carter the Serbs accept the basis of the Contact Group's plan. The percentages of territory allocated beforehand do not mean anything and we will work them out when a just division is made according to the quality and quantity of territories that would guarantee existence to both states," Krajisnik said.

Having warned that the allocation of percentages was very dangerous and could lead to the collapse of the peace process, Krajisnik said that it was explained to Carter that one percent of territory in Sarajevo was worth more than five percent in other parts of former Bosnia-Herzegovina.

Having assessed the results of Carter's mission in former Yugoslavia, Krajisnik expressed the belief that the Serb people were close to achieving their goal—the recognition of their own state.

"I am an advocate of the idea that the Srpska republic should be a component part of a single Serbian state, and I hope that all this will become Serbia. If circumstances force us to accept a compromise solution that envisages the Srpska republic as a state, this should be a temporary solution. Our goal, and that of future generations should be the final unification of the Serbian states," Krajisnik said.

When someone objected that the Bosnian Croats were not included in Carter's peace initiative, Krajisnik explained that the Serbs must take into account the stand of Alija Izetbegovic, the leader of part of the Bosnian Muslims, who is "the biggest opponent to peace."

"The Serbs are not against the Muslim nation, they are against war. An agreement was reached with Fikret Abdic, the legal representative of the Muslims in western Bosnia, on a peaceful settlement of the questions at issue. We would be glad if any new forces and leaders appeared among the Muslim people who were in favor of a dialogue and good-neighborly relations with the Serb state," Krajisnik stressed for SRNA.

Srpska Republic Official Praises Carter Mission

LD2112201494 Belgrade SRNA in Serbo-Croatian 1832 GMT 21 Dec 94

[FBIS Translated Text] Bijeljina, 21 Dec (SRNA)—Former U.S. President Jimmy Carter came to the Srpska republic [RS] on an "unofficial mission," but with the

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full authorization of the State Department, from which he obtained all the most important information, RS Vice President Biljana Plavsic said today for Radio Semberija and Majevica in Bijeljina.

"The RS leadership did not have talks with Mr. Carter about territory, but when we showed the maps we saw from his reactions that he was very familiar with them," Dr. Plavsic said.

"Carter's success in Haiti and Korea, where he mediated in peace talks, is indisputable, and his precision and persistence in resolving the civil war in the former Bosnia-Herzegovina by peaceful means leads one to conclude that he really wants to help," she assessed.

Dr. Plavsic assessed that Carter, unlike other mediators—Owen, Stoltenberg, and members of the Contact Group—is making logical moves; he goes to where the problem is, right to the spot, to the only place where it can be resolved.

Sarajevo Shelling Kills Two, Wounds Seven

AU2212092694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 22 Dec 94

[FBIS Translated Text] A general danger alarm is currently in force in the capital city of our country as the Serbian-Montenegrin aggressor this morning fired two shells [granata] on the city center from its positions around Sarajevo. As BH PRESS reports, after the aggressor's artillery attack on Bascarsija at 0925 this morning, two dead and seven wounded civilians were brought to Sarajevo's Kosevo hospital.

Information from other medical institutions in the city has not been received yet.

Serbs Deny Responsibility

LD2212142794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1340 GMT 22 Dec 94

[FBIS Translated Excerpt] Sarajevo, 22 Dec (TANJUG)—The headquarters of the army of the Serb republic today categorically rejected the accusations of the Bosnian Muslims that the Serbs this morning fired two mortars at a flea market in Sarajevo where, according to agency reports, two people were killed and seven wounded.

In a statement sent to TANJUG it is categorically stressed that Serb forces around Sarajevo did not fire shells at a Sarajevo market and that this is doubtless again a matter—as on several occasions hitherto—of a staged incident by the Muslim side.

"There is no doubt that this morning's firing of shells at the market in Sarajevo is yet another in a series of tricks by the Muslim side designed to deceive the world public and is an attempt to prevent the establishment of the agreed cease-fire, which was achieved with the mediation of former U.S. President Jimmy Carter," the statement says. [passage omitted]

Four Killed in Missile Attacks on Bihac

LD2212002794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2300 GMT 21 Dec 94

[FBIS Translated Text] Bihac town center came under a missile attack yesterday. The enemy also targeted Cazin town center and its suburbs with howitzers, tanks, and mortars. Four people, including one child, were killed and many were wounded. Artillery attacks were renewed in the early hours of yesterday evening.

Inter-Muslim Clashes Resume North of Bihac

LD2112233494 Belgrade SRNA in Serbo-Croatian 1637 GMT 21 Dec 94

[Received via fax]

[FBIS Translated Text] Petrovac, 21 Dec (SRNA)—Fierce clashes between soldiers of Izetbegovic's [Bosnia-Herzegovina army] 5th Corps and units of the people's defense of western Bosnia [Muslim forces loyal to Fikret Abdic] resumed last night and this morning along the demarcation lines, Velkaton radio reports.

The fiercest clashes have been taking place in the Sturlic, Pecigrad, and Husidic areas [south of Velika Kladusa, north of Bihac]. Units of the 5th Corps have suffered considerable losses.

According to the same source, the rift between the 5th Corps commander Atif Dudakovic and Izet Nanic, the commander of the 505th Buzim Brigade, is increasing as Dudakovic is blaming Nanic for the fall of Velika Kladusa to Abdic's units. Nanic was the commander of the town's defense.

Croatian Army Attack on Kupres Reported

LD2112204594 Belgrade SRNA in Serbo-Croatian 1928 GMT 21 Dec 94

[FBIS Translated Excerpt] Banja Luka, 21 Dec (SRNA)—Members of the regular Army of the Republic of Croatia and the HVO [Croatian Defense Council] launched an artillery attack on the Kupres Plateau from the direction of Malovan today, and they also attempted an infantry breakthrough toward Rasticevo from the direction of Osmanlije, SRNA has learned from the local command of the Bosnian Serb forces in the Kupres sector of the front.

According to the same source, the Serb forces stopped the enemy attack and the defense lines remain unchanged. [passage omitted]

Serbs Report Muslim Artillery Attack on Doboj

LD2112203794 Belgrade TANJUG in English 2013 GMT 21 Dec 94

[FBIS Transcribed Text] Doboj, Dec. 21 (TANJUG)—Muslim forces fired on Wednesday several artillery shells

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on the outskirts of the town of Doboj in northern Bosnia. No casualties have been immediately reported.

Civilian targets in the Serb populated towns along the valley of the Bosna River, at the foot of Mt. Ozren, had been hit in Muslim attacks in the past three days, said military sources of the Srpska republic.

The positions of Bosnian Serbs south of Doboj came under heavy infantry and grenade fire.

Muslim forces had mounted attacks on the positions of Bosnian Serbs on the Trebavsko battlefront east of the town of Doboj and Bosnian Serbs villages and positions northeast of the town of Teslich, said the report.

On Wednesday, Muslim forces had opened artillery fire at Bosnian Serb positions on the Ozren-Vozucko front in the north and in the vicinity of the town of Konjic in the south of Bosnia-Herzegovina, said the report.

The Croatian regular army having mounted an offensive on Bosnia-Herzegovina and on Wednesday opened fire on Bosnian Serb positions outside the town of Konjic, the report said.

The Bosnian Serb command warned Muslim forces that if the attacks were not stopped Bosnian Serb units would strike fiercely and selectively at the targets in Muslim-held territory, said the report.

Sarajevo Radio Reports Banja Luka Expulsions

LD2212000594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2300 GMT 21 Dec 94

[FBIS Translated Text] The genocide and expulsions, carried out against Bosniaks by Serb aggressors, were continued with the expulsion of 63 persons from the Banja Luka area. The expelled Bosniaks and Croats crossed the UNPROFOR [UN Protection Force] checkpoint near Novska and were transferred to the Gasinci refugee camp under the Croat police escort. About 400 Bosniaks and Croats—expelled from the Banja Luka area, are already in the Nepalese and Jordanian UN bases.

EU Official Doubts Croat-Muslim Unity in Mostar

AU2212121594 Hamburg STERN in German 22 Dec 94 pp 88-92

[Interview with EU Administrator in Mostar Hans Koschnick by Ulrike Posche in Mostar; date not given: "Hassan the Helper"]

[FBIS Translated Excerpt] [Passage omitted] [Posche] You are trying to unite the two parties—the Croats in the west and the Muslims in the eastern part of the city. Is that possible at all?

[Koschnick] At the beginning, I thought it would be possible, but now I am skeptical. There was a civil war going on here, and the wounds are taking a long time to heal.

[Posche] During a goodwill tour through Germany two weeks ago, the mayor of the western part, Mijo Brajkovic, said that he does not want a joint Mostar together with the Muslims.

[Koschnick] He wants two settlement areas for the different nations. He wants an open city without ghettos. He wants people to work together but not live together. Anyone familiar with Jerusalem knows what he is talking about.

[Posche] That means a joint airport but separate schools, separate universities, and a very weak peace?

[Koschnick] Yes, and a joint administration. Both sides set great store by their own identity, culture, their own language, even their own history. I have said: Friends, do not talk to me about Croatian mathematics and Bosnian physics. We Germans made a fool of ourselves when we drove the Jewish scientists out—there is no need for you to make fools of yourselves as well. [passage omitted]

[Posche] There are some 1,400 Spanish blue helmets in Mostar at the moment. How long are you going to stay if they withdraw in the spring?

[Koschnick] They will not leave. I cannot understand people who think that the fire in the Balkans should be left to extinguish itself, without realizing that millions of people will then run away—flee to the West. If violent people who have military material at their disposal can decide what the world looks like, then we will have fires in Moldova tomorrow and in Ukraine the day after. That is why I say: The UNPROFOR [UN Protection Force] troops will stay; without them, hundreds of thousands of people would have already left.

[Posche] Cynics say: Let the people wage their wars, get the United Nations and the European Union out, and then just wait and see.

[Koschnick] I do not even think they are being cynical. No one knows how a peace can be brought about with this emotional upheaval of Serbs, Croats, and Muslims. The ones who suffer the most are always the women, children, disinterested parties. And they will try to flee. Why should we not intervene and help them before that? We have not even made use of the best deterrent for aggressions, namely the full use of economic and humanitarian measures for those prepared to live in peace and total isolation of those who are not willing to have peace.

[Posche] There does not seem to be a shortage of weapons on either side.

[Koschnick] We have decided on an embargo, which is not being observed: How come Serbian troops have weapons that are not produced in Serbia? Why do the Croats have Russian aircraft? Why do the Muslims have defensive weapons that have crossed many borders getting here? The doors are open because the dear neighbors—all of them members of the United Nations—are not observing the embargo.

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[Posche] What can be done against this?

[Koschnick] We expect Bulgaria, Romania, and Macedonia [The Former Yugoslav Republic of Macedonia] to close the borders and put up with losses amounting to billions of marks. The West Europeans only make demands, without considering to offer them material compensation. Just as in the case of the arms embargo, we are hypocrites. The people here no longer take the West Europeans, NATO, or the United Nations seriously. And I admit: One can no longer take the United Nations too seriously. But the UNPROFOR troops are fulfilling their duties within the framework of what the Security Council allows them to do.

[Posche] Are the wounds and the hatred—and the brutalization—not too deep for peace to become possible in the Balkans?

[Koschnick] That is a matter of time. As with all civil wars, it also needs a big portion of suppression. When people see that children are having better opportunities, when they feel that living together would be an advantage and that economic development sets in, then they might not live as closely together as they used to, but they will live side by side.

[Posche] Do you really think that the country has a future?

[Koschnick] Yes, because otherwise I would not have come here. Would you have believed five years ago that there would ever be an understanding between Israel and Palestine?

[Posche] Do you still understand this war, do you know who wants to reach what goals?

[Koschnick] That is the only thing I understand. But even if you beat me, I will not talk about it because this would be the end of my job here, as no one would talk to me any longer. Everyone here thinks that the other party is to blame. But I can tell you, no one in the entire Balkans region is innocent.

[Posche] You are against using German Tornado aircraft to protect the blue helmets' withdrawal. Why?

[Koschnick] That is not true. I think we will have to assume tasks within the international peace order. But German history demands that we be very cautious in deploying our troops abroad. There are certain parts of the world where we simply have to keep out. I am against using Tornadoes now. I am also against using combat forces—unless our European partners are in difficulty. But objectively speaking, it is not true that they are having difficulties. Germany must finally decide whether it wants to assume obligations in the alliance or whether it wants to say: I am sitting here in my little house, ignoring the world.

[Posche] Your party, the Social Democratic Party, is considering the application for Tornado support.

[Koschnick] I have heard that Scharping delivered a weak speech in the Bundestag. [passage omitted]

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Martic Attends Belgrade-Zagreb Highway Opening

LD2112163994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1514 GMT 21 Dec 94

[FBIS Translated Text] Banja Luka, 21 Dec (TANJUG)—The Belgrade-Zagreb highway was opened at 1430 today with the removal of obstacles near Okucani; the UNPROFOR [UN Protection Force] gave a guarantee that traffic on this road will flow normally.

The opening of the highway was attended Milan Martic, president of the Republic of Serb Krajina, Maj-Gen Milan Celeketic, commander of the army of the Republic of Serb Krajina, Defense Minister Radoslav Tanjga, and others.

Immediately after the opening of the road a column of civilian and UNPROFOR vehicles passed through Okucani from the direction of Zagreb towards Belgrade; the same flow of vehicles is expected in the opposite direction, too.

Krajina Official on Highway

AU2112202994 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 21 Dec 94

[FBIS Translated Text] On the occasion of the opening of Zagreb-Belgrade highway, Borislav Mikelic, prime minister of the republic of Serb Krajina [RSK] and a signatory of an agreement on economic relations with Croatia, made the following statement:

After a peace agreement on a cease-fire between the RSK and Croatia, signed on 29 March 1994, one can freely say that this agreement, despite all the inconsistencies and violations on the RSK-Croatian borders by the Croatian side in individual areas, has nevertheless brought considerable peace for both sides. This agreement and its realization brought considerable peace to the borders between the RSK and Croatia, which facilitated the RSK's internal recovery in the economic realm.

In the second phase, we continued talks on economic issues that were very complex and difficult and where it was not possible to accomplish everything that our side wanted, primarily because we were not internationally recognized. Despite all the difficulties that we encountered, we signed the agreement on 2 December 1994, which was also verified internationally and by which the RSK was endorsed as a significant subject in the resolution of such major issues in the crisis in the former Yugoslavia. The verification of the economic agreement with Croatia was extended on the same day—2 December 1994—that the Russian veto in the UN Security Council dispelled a resolution with which Croatia had proposed the introduction of economic sanctions against the RSK. The signing of the agreement was followed by operative activities in all four spheres of the economic agreement—water, electricity, oil, and naturally, the Zagreb-Belgrade international highway.

Being deeply aware of the international significance of the highway in particular and efforts by the representatives of the international community who had invested much effort to resolve all these issues in a peaceful way, we agreed to the opening of the highway to demonstrate to the world that the signing of the agreement on economic issues was not a formality, but our sincere desire to resolve controversial issues in front of the international community.

This concession of ours—namely, to allow the opening of the highway before all obstacles have been removed—binds Croatia to fully observe the first part of the cease-fire agreement and the second part of the withdrawal of its troops from the RSK border, which Messers Akashi, Owen, and Stoltenberg have solemnly promised us. This will facilitate a peaceful continuation of the economic talks with Croatia.

The RSK and its security services will do everything for the international Zagreb-Belgrade highway to be completely secure and safe for the transport of passengers. I am convinced that our part of the highway in particular will be the safest for the passengers who will use it. The international Zagreb-Belgrade highway will be used much by the citizens of the FRY, too. The flow of passengers and goods from Western Europe toward the Eastern European countries will also revive the Belgrade-Nis highway, which will be of considerable use to the FRY and will probably be one of the crucial elements for the lifting of the sanctions against the FRY.

Therefore, we are continuing the talks on the economic issues with Croatia, which will also entail some very important issues from which the RSK would also benefit a lot economically. I am convinced that this is the way that the RSK, by strengthening internally and opening itself to the world from the encirclement in which it has been for a full four years, will accomplish its sovereignty and international recognition in a peaceful way. The opening of the highway is also a result of the peaceful international diplomatic and political activity pursued by Serbian President Slobodan Milosevic, Borislav Mikelic said in a statement for Radio and Television Serbia.

'Work Orders' Issued to Striking Railway Workers

LD2112194094 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 21 Dec 94

[FBIS Translated Text] At today's session, the Croatian Government ordered the introduction of compulsory work orders in the public enterprise of Croatian Railways [HZ].

The Ministry of Maritime Affairs, Transport, and Communications and the Ministry of Defense are responsible for the implementation of this order. It is up to Ivica Mudrinic, the minister of maritime affairs, transport,

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and communications, to establish when the order on compulsory work orders in the HZ should be implemented.

The order to introduce compulsory work orders is based on the Law on Defense and the Decree on the Fulfillment of Compulsory Work Orders. When the republic faces a direct threat to its independence and territorial integrity, according to this law and the decree, compulsory work orders can be introduced.

At the government session, Prime Minister Nikita Valentic once again called on all HZ workers and trade union representatives, regardless of the adoption of the order and pending its implementation, to resume talks because, he added, there is no big reason for an agreement between the government and the HZ trade union not to be reached.

The Croatian Government has a duty to ensure the normal running of HZ, especially in the conditions in that Croatia finds itself today, Prime Minister Valentic said, calling once again on the HZ trade union to enter into talks.

Article Says Knin Serbs in Jeopardy

AU2112204594 Zagreb VJESNIK in Serbo-Croatian 13 Dec 94 p 7

[Article by Ivica Marijacic: "Is It Knin's Turn?"]

[FBIS-Translated Text] The defeats suffered by the Serb army on the western Herzegovina front line indeed reflect on the situation in so-called Krajina, but this can in no way be deduced from the programs broadcast by the radio stations controlled by the occupier authorities.

In the program of so-called radio Knin the news from Grahovo and Glamoc is given only at the end of the newscasts, in the 15th or 20th minute of the program, and the information is usually scanty. It is merely mentioned that the lines are stable, the Serb army has settled in, and that "it was quiet today."

Since the war began in western Herzegovina, Knin radio has never once stated that the Serbs have lost a position. On the contrary, after the defeat and loss of Celebic, for example, the Serb officers claimed the town was in their hands. This confirms the well-known fact that the media there are completely in the service of the occupier's military police and that they are not allowed to broadcast anything that might damage the morale of the indoctrinated people.

Before the conflicts resumed in western Herzegovina, journalists reported directly from Grahovo and Glamoc, describing the heroism and security of the Serb army. Suddenly, there is no further need for such reporting. We remember that at the time of their army's defeat at Maslenica, the occupying authorities were angry with their reporters, after which "order was introduced." Thereafter, there was no further news of defeats or lost positions.

However, certain things cannot be concealed. Directly or indirectly, the politicians themselves have admitted defeat. "Foreign minister" Milan Babic recently said that nothing would come out of the economic agreement with Croatia unless, as he put it, the legal Croatian Army withdraws from the liberated areas around Mt. Dinara, by which it half-surrounded Knin.

The inhabitants of Knin, naturally, do not like the new military situation in which they find themselves after the defeats in western Herzegovina. They have become aware of this encirclement, and there is no need to mention its impact on their lives. What it means when only one side, and a very narrow one at that, is open toward Belgrade, and when the journey there lasts days and nights and involves many risks at many narrow places, is as clear to the people there as it is to the authorities.

The more difficult the situation at the front line, and the longer this situation lasts, the greater is the confusion in the district that pretentiously calls itself a state. Every few days, Martic vainly reiterates that he will not permit "disorder in the state."

In Benkovac alone, 65 people have been killed in various individual incidents, and the situation is not much different in other "Krajina centers."

Commentary: Difficulties With Bosnian Federation

AU2112195394 Zagreb VECERNJI LIST in Serbo-Croatian 9 Dec 94 p 2

[Commentary by Milan Jajcinovic: "Reluctance, Arrogance, and Impotence"]

[FBIS Translated Text] Bosnian President Alija Izetbegovic took the opportunity in Budapest to state publicly what he has been saying for a long time now, which is that Russia, England, and France are helping the Serbs in Bosnia. He also took the opportunity to repeat his old claim that "a liberation war is being waged in Bosnia," which Bosnia "is fighting against fascism on behalf of all of Europe." Izetbegovic said that this kind of war has not been lost by any country. If Bosnia-Herzegovina has not lost such a war (and it has not), could it win, and at what price?

The leading figures of the Sarajevo authorities have said several times that, unless there is a just peace, they would continue the fighting, even though it may last another two, five, or 10 years. In the Bosnia-Herzegovina equation there have therefore been two knowns and one unknown. It is known that the Serbs are the destroyers of Bosnia. It is known that the Muslims are willing to fight for its liberation. However, it is not as well known what the (Bosnian) Croat intentions are. Kupres was the

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announcement that the Croats also decided to fight against the destroyer. However, it is still unknown how far—to the ethnic (Croat) or the state (Bosnian) borders. Regardless of the joint Kupres operation, it is possible that the Croats had one set of motives, while the Muslims' motives were somewhat different. It was only at Kupres that the possibility of implementing the federation agreed upon in Washington was announced.

As Kupres was very soon replaced by Bihac—where Croatia, as a potential confederate partner in the Bosnia-Herzegovina Federation, did not become involved—the Muslim trust in the establishment of the Federation was shaken. This was despite Izetbegovic stating in Budapest too that he had not demanded the intervention of Croatia in the fighting at Bihac, because he knew that the Croatian response would have been negative considering the fact that Croatia had "taken over international obligations" that did not allow it to become involved. The reluctance of the so-called international community to do something for Bosnia makes the Muslim decisiveness to fight for Bosnia "till the end" stronger. Offering "Karadzic's chetniks" half of Bosnia can hardly stop the war (because the issue is an unjust and immoral solution). The same goes for the repeated insistence on the confederate ties with Serbia, which Bosnian Prime Minister Haris Silajdzic has in fact already rejected, asking the powerful question: "Will the genocide be rewarded, and half of Bosnia surrendered to Greater Serbia?"

If the international power-wielders are offering the occupiers of Bosnia (in order to humor them) half of the country, with the possibility of making confederate ties with Serbia, then this is actually the division of Bosnia, the acknowledgment of Serb victory. The only thing that should be done is return the necessary percentage of the 70 percent occupied territory. However, as can be seen after Karadzic's "change of heart," even with the acceptance of such a plan the already known pirate game would be played again. The big boss from Dedinje and a number of representatives from Pale seemed to be one crowd, while Karadzic seemed to belong to another. The former supported the acceptance of the plan, while the latter seemingly opposed it. In this game, the group led by the former Sarajevo Marxist (known as a plagiarist)—Dr. Aleksa Buha—together with Milosevic's cabinet members, issued the notice saying that the proposed plan should be accepted after all. This was the sign for great clamor to emerge at Pale, which—as was supposedly anticipated—lasted for only a day.

The reluctance and impotence of the world, as well as the bristling rejection by Karadzic's supporters of any peace plan not acknowledging their conquests, push Bosnia into further war. Since the world in fact does not want to become seriously involved in Bosnia-Herzegovina, the war can stop only with someone's military victory. The Serbs are willing not to wage the war if what they have conquered is acknowledged. If the war continues, can the Muslims win it alone, or is an alliance with the Croats (or even Croatia) necessary for that? Bihac is a possible indication that the Muslims cannot do it on their own, just like Kupres is an indication that victory is possible only if they cooperate. However, for joint military activities not only a firmer legal and political framework is necessary (some state form), but also an efficient joint commanding office with a joint command system.

Kupres was the announcement that something could come out of the anticipated Federation after all. However, this is where it all stopped. There are both Muslim and Croat testimonies of this. The Croatian ambassador in Bosnia-Herzegovina (originally a Bosnian), Dr. Zdravko Sancevic, recently talked about the obstructions to the establishment of the Federation. Ambassador Sancevic did not say that the Washington Agreement was not being implemented, but he mentioned that there were many obstacles to its implementation and many problems that should be resolved before anything does come out of the agreement. After all, the efficient joint military command of the Bosnia-Herzegovina Army and the HVO still does not exist.

The Muslim and the Croat boils down to accepting or not accepting the proposed plan [sentence as published]. The alternative to non-acceptance is well-known. However, it requires a firm agreement and joint command. Is it possible to do anything significant against "those on the hills" without it? Can the Bosnian war really be a war of liberation if it is not shared by both as well as the Serbs who consider Bosnia their homeland?

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New Government: Few Changes in Leading Ministries

LD2112210194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1614 GMT 21 Dec 94

[FBIS Translated Text] Skopje, 21 Dec (TANJUG)—Observers in Skopje today described the new coalition government of The Former Yugoslav Republic of Macedonia [FYROM] as the government of continuity and political pragmatism.

Prime Minister Branko Crvenkovski, in his second mandate now, gave the most important ministries to the ministers who headed them before, or moved the old ministers to new positions.

Blagoj Handzinski is the new defense minister, and Former Defense Minister Vlado Popovski is now heading the Ministry of Justice, which is expected to thoroughly change the old legal and judicial systems inherited from the former Yugoslav Federation.

Considering the renewed interethnic (Macedonian-Albanian) disputes and increasing evidence of organized crime, it is not surprising that Ljubomir Frckovski will remain at the head of the Ministry of Internal Affairs.

Stevo Crvenkovski was again appointed minister of foreign affairs and will continue to face—under the guidance of President Kiro Gligorov—a number of diplomatic hardships, from those involving neighbors to those on the international plan.

FYROM has no diplomatic relations with its southern and northern neighbors—Greece and Yugoslavia. Relations with Albania are suffering under the strain of the political radicalization of the large Albanian minority in Macedonia. Bulgaria recognizes the existence of the Macedonian state, but not of the Macedonian nation.

The door to the CSCE remained closed for the 10th time at the recent summit in Budapest, so the FYROM still has to fight for full international recognition and normal cooperation with international financial institutions.

The Ministers for Finance and Economy are Jane Miljovski and Risto Ivanov, experienced officials from the former government. Their task is to halt the constant decrease in production, halved over the past three years.

The coalition government was voted in in Sobranje (parliament) last night by 71 deputies. Two deputies were against and 25 abstained. The parliament has 120 deputies, and under the Constitution, the prime minister-designate needs a simple majority.

The government consists of four parties—the Social Democratic Alliance of Macedonia, the Liberal Party, the Socialist Party, and the largest Albanian party—the Party of Democratic Prosperity.

Diplomatic Relations Established With Vatican

LD2112232894 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 21 Dec 94

[FBIS Translated Text] The Vatican and The Former Yugoslav Republic of Macedonia today established diplomatic ties. Holy See spokesman Joaquim Navarro-Valls told journalists that one of the reasons that induced the Holy See to recognize Macedonia was the wish that all former Yugoslav republics should recognize one another, which is a fundamental precondition for effective peace negotiations.

Foreign Ministry Rejects Albanian Protests

AU2112162794 Skopje MIC in English 21 Dec 94

[FBIS Transcribed Text] The Macedonian Foreign Ministry rejected the approach of the Albanian Foreign Ministry in the treatment of the internal questions of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia], in its announcement issued on 18 December. The Republic of Macedonia is not accepting dictate or solutions which are imposed from abroad, questions which apply to and are in the interest of his citizens and insist on the implementation of solutions which mean a respect of the Constitution and the application of the European and world standards and the principles of a legal state.

Many times, the Macedonian side has expressed readiness to regulate the relations and situations which are in the interest of the two countries and it can be concluded that in a number of fields, in the process of the democratic transformations of the two countries, appropriate solutions were found which gradually came to life in practice. Regretfully, exactly in the field of education this positive trend was not continued and it came to unexpected cancellations, from the Albanian side, of the already reached and signed agreement for cooperation between the two countries on this plan. The support which is given to illegal non-institutional initiatives, which present a new basis for conflicts in their nature, without regard of the democratic processes according to which the Macedonian democratic society is developing, is quite surprising. The support given to radical demands and stances is unacceptable and in direct opposition to the publicly declared stances for support of the territorial integrity and stability of the Republic of Macedonia, is said at the end of the announcement.

Albania Accussed of Interfering

LD2112192294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1338 GMT 21 Dec 94

[FBIS Translated Text] Skopje, 21 Dec (Tanjug)—The Former Yugoslav Republic of Macedonia [FYROM] has accused neighboring Albania of interfering in its internal affairs and warned that it will not allow itself to be dictated to from outside on how to resolve matters for its citizens.

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A statement by Foreign Ministry officials here, which was put out late last night, says Tirana's support for radical groups of the Albanian minority "is unacceptable and in direct contrast with the publicly stated stances of support for the territorial integrity and stability of the Republic of Macedonia."

Skopje is thus reacting to a statement by Tirana on 18 December which condemns FYROM for using force to prevent the opening of the Albanian "university" in Tetovo.

Observers in Skopje assess this "exchange" of statements as being very sharp and as an intimation of a possible cooling in relations between the two neighbors, just on the first anniversary of the establishment of diplomatic ties at ambassadorial level.

After the adoption of a declaration in Tetovo on 17 December on "the opening of an Albanian university," there are increasing signs of interethnic tension on the political scene here.

In Struga yesterday, in the southwestern border area of the FYROM, an argument in the [local] assembly between Macedonian and Albanian deputies over the phantom university was even accompanied by war cries. One Albanian deputy directly threatened his Macedonian colleagues with bloodshed, shouting "better the grave than to be a slave."

Some Albanian deputies at yesterday's session of parliament began their speeches in Albanian [siptarski], despite the fact that the official language in the FYROM is Macedonian.

Radical political parties of this national minority claim that Albanians make up 40 percent of the population of the FYROM, while the official number is virtually half that.

University's Constitutionality

AU2212102094 Skopje NOVA MAKEDONIJA in Macedonian 19 Dec 94 p 2

[Commentary by A. Damovski: "Political (Mis)Use of Rights to Education"]

[FBIS Translated Text] Article 45 of the Constitution of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] goes like this: "The citizens have the right, under conditions defined by law, to establish private educational institutions on all levels of education except elementary." The last paragraph of Article 8 of the same Constitution says: "In the Republic of Macedonia, everything that is not forbidden by the Constitution and law, is free."

Here start the first legal, and thus later, political knots in relation to the case of a "university in the Albanian language in Tetovo," publicly promoted by a group of citizens of Albanian origin. One of the arguments in the initiative that was sent to the government on 25 October for making a request for opening a university in Albanian in Tetovo was the "inaccessibility of the two universities in the state to the Albanians." Here lies the first mistake in the series that followed afterwards. The fact that thousands of members of different nationalities in the state have graduated at these universities denies the claim that the two universities are not open and accessible to all citizens of the state. Let us not forget that 6.5 percent of the newly registered students at Skopje University this year are Albanians.

The mistakes went on with the extremely bad public presentation of the idea for the Tetovo "university" by the already proclaimed or self-proclaimed rector, Fadil Sulejmani. This presentation increased the already risen polarity in the public about this question. The polarization mainly depends on the national affiliation of the interested people. The Ministry of Education, and its minister in "exile," never felt the need to talk on this subject with the initiators. Of course, there came the political parties that used the folklore for and around the "university" and thus completed the polarization. So, whenever one was asked to give an opinion about the initiative for a third university in Macedonia it was raised to the level of defending personal national interests, which is a question of national importance, particularly among the Albanians. Nobody even tried to discuss the arguments.

In this one and a half month's silence, the space was filled in by the media, with rumors, manipulations, and exaggerations from all sides, and even from the police, without bothering to elaborate the case more seriously. Hell was mentioned, but it was also compared to the case of the paramilitary army. Even before starting to resolve the case, the government appeared with a stance that was revealed in a statement that proclaimed the initiative, and not the accomplishment of that initiative, as anticonstitutional and illegal. This conclusion was probably drawn from the present Law on Education (from 1985) that does not allow for establishing a private university, and it is obviously not in conformity with the Constitution of the Republic of Macedonia, as the highest legal instance.

Here, again, everybody is calling international documents for help. The Universal Declaration on Human Rights says that "everyone has the right to education and that higher education must be equally accessible to everyone depending on one's own capability." The declaration on the rights of members of national and ethnic, religious and language minorities, says that these "persons can be instructed in their mother tongue, and that a state that has such possibilities, should provide for that." Article 5 of the convention against discrimination in education says that the "states agree that it is necessary to give the members of national minorities the right to perform their own educational activities, including management of schools, and that they can use and learn their language, provided that this right is not used in such a way as to prevent the members of minorities from

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understanding the culture and the language of the whole community and from participating in its activities, so as not to put at stake the national sovereignty...."

Certainly, when it says "under conditions defined by law" or "according to the educational policy of each state," among the rest, it implies that, for instance, "the level of the curriculum in such schools must not be below the general level defined and approved by the responsible authority" (Article 5 of the Convention), as well as the appropriate fulfillment of existing educational standards. Of course, in conformity with legal norms, nobody can deny the intention for the establishment of such an initiative. And so on and so forth....

The arguments and counter-arguments are in the sleeves of each party. Normally, everyone is backing his package with arguments, and behaves in conformity with this. These rules were used by some in their actions with a clear political connotation that some underlined and other persistently, although unconvincingly, tried to suppress. The problem is how to pass over the empty space and start a dialogue. Such separate attempts for integrational processes, according to one's own trend, are leading us to something completely different.

Privatization Agency Reports on Successes, Future

AU2212082594 Skopje NOVA MAKEDONIJA in Macedonian 16 Dec 94 p 3

[Report by V. Cvetkovska: "Seventy Privatized Companies by the End of the Year"]

[FBIS Translated Text] Last night a meeting was held in the Delegates' Club—"For Privatization"—where the results of the past course of privatization in Macedonia [The Former Yugoslav Republic of Macedonia] were presented, and the future process of the privatization of small and medium companies was also explained. The primary market of valuable papers and the media campaign for privatization in the republic was also promoted by the manager of the Privatization Agency, Olgica Mihajlova-Tikvarovska. Minister Jane Miljovski gave an overview of the year's work of the agency in the field of privatization. "We are aware that there cannot be any big reform without a public campaign," Miljovski said. "Our goal was to create a richer and happier citizen with this process, to start an economic development in which we have already included more than 1,000 people. We did not want a fast privatization without good quality. The first privatizations have already been accomplished in Macedonia, and it is our duty to have at least 70 privatized companies by the end of this year, 400 by the middle of 1995, and 500 more by the end of next year. The total will be 1,000 privatized companies, and that will almost complete the whole process." Miljovski also emphasized that the privatization process started at the time of Prime Minister Nikola Kljusev who had the courage to say that privatization is the most important process in this society. After this Olga Mihajlovska-Tikvarovska, Verica Hadjivasileva Markovska, and Evgeni Zoografski spoke about the work of the Privatization Agency and about the achievements and future plans, as well as about the internal market of papers of value. In the end, some advertisements for the privatization campaign that will be displayed by the mass media were presented.

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Federal

Jovanovic: Carter's Mission in Bosnia Successful

LD2112200094 Belgrade TANJUG in English 1913 GMT 21 Dec 94

[FBIS Transcribed Text] Tel Aviv, Dec. 21 (TANJUG)—Yugoslav Foreign Minister Vladislav Jovanovic on Wednesday told Radio Israel that Former United States President Jimmy Carter's visit to Bosnia-Herzegovina was successful.

Jovanovic said that the Bosnian Serbs and Muslims had come to terms with Carter and that it was now up to them to prove their will for cooperation and to materialize what they had accepted in separate talks.

Jovanovic quoted Carter's close associates as saying that Bosnian Serb President Radovan Karadzic had agreed to start negotiations based on the "Contact Group" for Bosnia's plan and that this, in a way, was a certain degree of acceptance.

Jovanovic said the situation was such that even a less direct form of acceptance was sufficient to restart the negotiations.

He said Carter had equally treated the Bosnian Serbs and the Muslims, and avoided marking any side as good or bad and that this had contributed to the reaching of an accord.

The Bosnian Serbs and Muslims, through Carter's mediation on Tuesday, accepted a proposal for a four-month Bosnia-wide ceasefire, which is to take effect Dec. 23.

Jovanovic Receives al-Qadhdhafi's Special Envoy

LD2112211794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1617 GMT 21 Dec 94

[FBIS Translated Text] Belgrade, 21 Dec—In Belgrade today, Yugoslav Foreign Minister Vladislav Jovanovic received 'Ali Tikri, special envoy of the Libyan President Mu'ammar al-Qadhdhafi, the Yugoslav Federal Ministry of Foreign Affairs reported.

Jovanovic and Tikri discussed a peaceful settlement of the crisis in former Bosnia-Herzegovina, a statement said.

Milosevic Reportedly Causing Split in Pale

AU2112173194 Belgrade VREME in Serbo-Croatian 12 Dec 94 pp 10-12

[Article by Nenad LJ. Stefanovic: "A Sudden Meeting"]

[FBIS Translated Excerpt] Last Sunday (4 December) when President of Serbia Slobodan Milosevic, standing in front of a hundred journalists and the foreign ministers of Great Britain and France, namely Douglas Hurd and Alain Juppe respectively, stated quite self-confidently that he was convinced that the forces supportive of peace were growing stronger and stronger in the Serb republic, those who are more familiar with his personality and work drew a conclusion that the leader of the Bosnian Serbs, Radovan Karadzic, may find himself facing big challenges quite soon. Simple analogy pointed to such a conclusion. Whenever Milosevic stated something similar during his political rise to power, and claimed that somewhere in former Yugoslavia progressive forces were growing stronger and stronger, there followed, as a rule, popular demonstrations and the overthrow of local leaderships.

Already the next day, on Monday, the president of Serbia spoke in his office in the Pionir Park with a group of deputies from the Srpska republic assembly, who complained about Karadzic and the Pale leadership. (Well-informed sources say that this was already the third illegal meeting of deputies from the Srpska republic with Milosevic, and that even earlier seven deputies from the region of Semberija and 13 from the region of Banja Luka came to Belgrade to hold consultations with him, sometimes on their own initiative and sometimes at his request) The delegates maintained that the real truth about the guarantees given to the Srpska republic by the international community for staying in the union of Bosnia-Herzegovina was kept secret from them. On the same evening an official five-member delegation from Pale, led by Foreign Minister Aleksa Buha, turned up in the office of the president of Serbia. There they came across those who had dropped by to see Milosevic on their own initiative and without authorization. The five-member delegation from Pale actually came to Belgrade to hear whether there were any novelties regarding the plan of the Contact Group and to ask Milosevic to restore official contacts with Pale as well as the telephone lines. However, they also came to tell him that nothing had changed in Pale and warned him not to receive the deputies of the Pale assembly who come to see him on their own initiative. True, Buha signed the statement about the readiness of the assembly of the Srpska republic to reconsider the Contact Group plan, but as soon as he arrived back in Pale he denied that.

Buha on the Radio-Television of Serbia [RTS]

Tuesday was the day when everybody wondered, listening over and over again to the confusing and rather unclear statement by the Executive Board of the Serbian Democratic Party [SDS] regarding the talks with Milosevic, and speculated about the firmness of Karadzic's attitude. Already on Wednesday, that is, only three days after Milosevic foresaw the strengthening of the peace-inclined forces in the Srpska republic, Karadzic stated at a news conference in Pale that new interpretations of the international peace plan were a good starting point for further negotiations with the Contact Group, while all the international news agencies reported on the Bosnian Serbs' return to the negotiating process, only it is not known when exactly. That evening, for the first time since the breakup of relations between Belgrade and Pale on 4 August, the RTS reported on the Srpska republic leadership and its activities. With the

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announcement that the Bosnian Serbs are ready to return to the negotiating process and put an end to the war, the viewers were able to see Buha as well. It was probably still too early for Karadzic.

Some media, as, for instance, TV Monte Carlo and RAI 1 [Italian broadcasting corporation] went even further, so the same evening they reported that Milosevic, Karadzic, cochairman Thorvald Stoltenberg, U.S. envoy to the Contact Group Charles Thomas, and some of the Krajina Serbs were holding a secret meeting in Karadjordjevo. Without stating the source or other details, TV Monte Carlo also reported that the leader of the Bosnian Serbs expressed readiness to continue the peace negotiations on Bosnia.

Regardless of how reliable is the news that Karadzic has met with Milosevic these days, after everything that happened last week it has become clear that a sort of smoldering attitude of people is beginning to take place in Pale. For the first time Karadzic himself admitted this by stating that among 82 assembly deputies some 15 of them (the malicious say that these are only the ones he knows about) belong to the left wing, and that they are most probably closer to the leftists in Serbia by their attitudes. Karadzic thus indirectly announced that in the future Pale will not be airing reports about the local parliament's unanimous attitude regarding all the important decisions. A similar conclusion could be drawn from the statement made by Dragutin Ilic, chairman of the Socialist Party of the Srpska republic, who sees in this the first more serious breach in the SDS itself. In his opinion, in the Srpska republic there is a sharp line of demarcation between the supporters of the democratic option in the SDS (mostly its founders) and the clerical nationalists, who hold even Karadzic himself under their control.

Biljana Plavsic, who according to this division quite certainly belongs to the most vociferous supporters of the clerical-nationalist option alongside with Momcilo Krajisnik, chairman of the assembly of the Srpska republic, also confirmed recently that Milosevic's campaign of sowing dissension among the Bosnian Serbs has been in full swing. According to Plavsic, the official delegation led by Buha went to Belgrade in order to explain to Milosevic that all his attempts, and there were many, to annul the results of the referendum by which the Contact Group's plan had been turned down, were fruitless. The vice president of the Srpska republic claims that Milosevic has been pursuing this futile task for a long time. He first tried to cause a breach in the state leadership, then he tried to cause dissension between the army and the leadership of the Serb republic, and when his attempts failed again, he started to summon deputies. According to Plavsic, he has been doing this quite neatly, because among the chosen deputies there are either those who have their private businesses in Serbia, or those who do not have quite a clear attitude regarding the plan of the Contact Group. Milosevic's final goal is to assume control over the basic majority in the Pale parliament, which is 42 deputies. However, as Plavsic claims, not even the basic majority will be sufficient to annul the will of the people that was expressed in the referendum.

How close Milosevic came to the quota of 42 deputies can only be guessed at right now. In Belgrade diplomatic circles it is said that the president of Serbia boasted in front of the cochairmen Owen and Stoltenberg that he had already reached the number of 25, and that was not all. As is heard, the unofficial part of the delegation of deputies from the Srpska republic would have involved even more of them than so far (seven plus 13), had not Karadzic and Krajisnik deterred some of them at the last moment from making the trip to Belgrade. One should not have the slightest doubt about the fact that Milosevic, just like always in such situations, has in reserve surprises and aces in the hole, ready to be used. Experts on who's who in the parliament of the Srpska republic have recognized in the delegation that visited Milosevic on their own initiative also the deputies that were quite resolute in turning down the Contact Group's plan in August, claiming that nobody has a right to sell the Serbian land to the world. In the meantime they appear to have come considerably closer to the growing peace forces in the Srpska republic.

That Milosevic is active on several fronts was seen also in last week's issue of BORBA, which quotes General Manojlo Milovanovic, who confirms with open disgust that as many as 46 percent of the officers originally from Bosnia-Herzegovina fled to the Serbian mother-country. "How do they think they would defend Belgrade or Kosovo, when they were not able to defend their own soil?," General Milovanovic wonders. Another BORBA interviewee on this matter claims that the last salaries came from Topcider [Belgrade district, where the money printing-house is situated] in September, that Milosevic allotted 200 dinars to each of them and said: "There is no more money, you ought to shift for yourself." "After which those brave officers rushed to embrace their wives and children who had been sent to Serbia a long time ago," BORBA's interviewee says.

Without Fireworks

The news that Karadzic is ready to continue peace negotiations and that he awaits the members of the Contact Group in Pale did not cause, contrary to expectations, fireworks of enthusiasm in Belgrade at the first moment. Perhaps mostly because of the conviction that the attitudes of the two leaderships regarding the Contact Group plan are almost entirely opposite, even after the four months of the blockade. It has remained unclear whether the softening of Karadzic's attitude toward the plan came about after the sudden discovery of Milosevic's intensive activities in the field, or whether the U.S. envoy to the Contact Group, Charles Thomas, who suddenly turned up in Belgrade on Tuesday evening, is to be given far greater credit for that.

The U.S. envoy came to the unofficial visit to Belgrade by car from Budapest, and his meeting with the Serbian

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officials was not planned. However, in many encounters with journalists and representatives of the opposition parties Thomas offered to the Bosnian Serbs what had never been offered by Americans previously. He did not demand from them that they sign anything, but only to say, as an entrance ticket for negotiations, that they agree upon the anticipated partition of Bosnia-Herzegovina in proportion 51 to 49.

In Thomas' opinion, this would make possible the beginning of the negotiations about the exchange of territories, constitutional principles, and confederal connections with the FRY. The implementation of the plan would start only after all three warring factions reach an agreement on all the disputed questions. This actually means the freezing of the existing battle lines, and the Bosnian Serbs being given the right to keep the territories they currently hold until (and if) the final agreement is reached. In some statements Thomas went even further, claiming that Washington wants to see Serbia without the sanctions, an equal in the international community, in the EU, and—why not?—also in NATO. This was too much for an unofficial, almost casual visit to Belgrade, so that journalists immediately doubted that Thomas was there only to meet people from the U.S. Embassy, several journalists, and opposition leaders.

After such offers that actually enable him further to stall for time, it was really not difficult for Karadzic to accept the possibility of getting closer to the negotiating table again. At the news conference in Pale, at which this getting closer was announced, Krajisnik also sat beside Karadzic. It was perceived that he was not much impressed by the latest U.S. offer. Who knows how many times he has rejected any possibility of confederal relations between the Srpska republic and the FRY and has asserted that the Serbs will never accept Bosnia as a state again, because that would mean a new war. As for the confederation with the FRY, in Krajisnik's opinion it is possible only when the Srpska republic becomes an independent and sovereign state. [passage omitted]

Bulatovic Outlines Army's Budget Expenditure

LD2212003594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1523 GMT 21 Dec 94

[FBIS Translated Excerpt] Belgrade, 21 Dec (TANJUG)—The budget committee of the Chamber of Citizens of the federal Yugoslav assembly today endorsed the draft federal budget for next year amounting to 2.115 billion dinars. [passage omitted]

The largest "user" of the budget is the Yugoslav Army for which 76 percent has been earmarked. Explaining the Yugoslav Army's position in the draft budget, Federal Defense Minister Pavle Bulatovic stressed during the session of the budget committee that this year again there was a gap between the needs of the Army and the budgetary funds because around 2.5 billion dinars would be a more appropriate sum to cover the Yugoslav Army's needs.

Bulatovic added that when all three budgets [Serbia, Montenegro, and Yugoslavia] were put together—Montenegro's budget is between 500 million and 600 million dinars and Serbia's around 5 billion dinars—the funds allocated to the Army were only 1.6 billion dinars, which was only 20 percent of all budget expenditures.

The defense minister added that out of the 1.6 billion dinars earmarked for the financing of the Yugoslav Army slightly less than 250 million dinars would be used for pensions for military personnel.

Wages and bonuses account for 63 percent of the Army's budget and the remaining 37 percent are mainly for quartermaster supplies—food, clothes, footwear, and health care—Bulatovic said. Only a symbolic amount will remain for investment in equipment, combat readiness and special-purpose industry, he stressed. [passage omitted]

Official Views Talks on SFRY Succession

AU2112203494 Belgrade BORBA in Serbo-Croatian 12 Dec 94 p 12

[Interview with Vladan Kutlesic, member of the FRY's team negotiating succession in Geneva, by Gordana Susa; place and date not given: "A Series of Opposite Desires"]

[FBIS Translated Text] "The negotiations on succession are upsetting, difficult, and exhausting," Vladan Kutlesic, member of the FRY's [Federal Republic of Yugoslavia] negotiating team, points out after the recent discussion of this issue at the Geneva Conference on Yugoslavia. He continues: "The attempt by the Slovenes partially to pay off a part of the foreign debt with the Chemical Bank has been condemned by all the delegations. This does not mean that it is about some sudden change of attitude, but it is rather about plain interests. Croatia, as distinguished from Slovenia, is interested in the partition of embassy buildings, the former Army's property, and everything it could add to the positive part of its balance. Besides, the two have mutual disagreements regarding hard currency savings, because through the mechanism of the abolished Ljubljanska Bank, Slovenia has started with the payment of the old hard currency savings only to Slovene citizens.

"The chief of the Croatian delegation, Bozo Marendic, stated that the interests of foreign creditors should be taken into account. However, our delegation will not accept what has not been discussed as an interest at the negotiating table, while the interest of a third country is not considered to be a subject of debate.

"It is also interesting that the Muslim explicitly said that he represented the Muslim-Croatian Federation, which means that he himself denies Bosnia-Herzegovina.

"All in all, if this conference ever comes into a phase where modes of partition will be discussed, the political bloc in which Slovenia, Croatia, Macedonia [The

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Former Yugoslav Republic of Macedonia], and Bosnia are holding together now, because they have one common giver of orders, will break up. For instance, when we propose that one of the criteria for division should be the size of population, the Macedonians do not dare to support us even though our attitude suits their economic interest, but when the Slovenes insist that gross national product should be the yardstick, then they are against that."

[Susa] Who do you think is the common giver of orders?

[Kutlesic] I refer to what we euphemistically call the support of the international community. Our reasoning whether it is possible to make an inventory for division at all had long been rejected. I would call this a pathological partiality of the conference, whose general attitude was that Yugoslavia disintegrated, which means that we are all successors, while the matter of proprietary division is to be found in the FRY's territory. In other words, what is mine remains mine, while we shall divide up the property of the federal organs. After two years, or more precisely in December last year, we still managed to push through our approach. In a short time we did a lot. We made an inventory. It is a heavy book with more than 9,000 clauses regarding movable and immovable property, archives, financial and other rights categorized according to the chosen way of financing. We have also worked out a methodology for evaluation and the agreement on the regulation of proprietary-legal consequences of their secession. Since they have been left without arguments, the conviction is growing stronger and stronger that Yugoslavia cannot be forced into anything, and that its legitimate political, legal, and particularly economic interests can no longer be passed over. Formally, our documents should be finally put forward for discussion at the next meeting.

[Susa] Do you know when it will take place?

[Kutlesic] No, the date has not been fixed yet.

[Susa] The current legal situation is such that not even the essential questions regarding the definition of certain matters have been resolved.

[Kutlesic] That is not accidental, because whether the subject of the property division will be a list of the desires of each delegation, given the right of each of them to put a reserve on them, or whether there is a legal basis for the discussion of these questions, is not the same.

Succession, that is, the condition of legal, territorial, and political changes of a state, has two forms—succession or dissolution. We consider that Yugoslavia did not dissolve, and that it is not a new state that came about on 27 April, but it rather only changed its name, just like it had changed its name five times in the past, starting with the Kingdom of Serbs, Croats, and Slovenes, then to the Federative People's Republic of Yugoslavia, to the SFRY [Socialist Federal Republic of Yugoslavia]. Furthermore, the argument of constitutional changes invoked to refute the theory about secession is also flimsy, because the same was done many times in the past, in 1922, 1929, 1938, 1946, 1953, 1967, 1968, 1971, 1974.... Also, the theory on Yugoslavia's disintegration is flimsy, because it has remained alive, composed of two federal units. After all, until 1946 it did not have a single federal unit, but later on it got six of them....

Which is to say, those who use the expression "dissolution of Yugoslavia" ought to be aware what it means: its disappearance and total disinheritance—legal, political, and economic—as well as a start from the beginning with catastrophic material consequences. Because if Yugoslavia had dissolved, then everything that the JNA [Yugoslav People's Army] did would have been an aggressive intervention by a criminal and genocidal army, as the supporters of the dissolution theory like to put it, rather than a legal action by state organs. This involves a political and legal condemnation as well as a demand for the reparation of war damages, and they do demand this all the time. However, despite all international pressures and the quasi-legal approach of Badenter's commission that believes in the dissolution of Yugoslavia, the international factors have recognized the legal continuity of Yugoslavia.

We have not been excluded from the General Assembly, and our status has only been frozen. In the United Nations there has remained a plate with the name of FRY, while the national three-colored flag, only without the five-pointed star, still flies on a pole in front of the building there. The downgrading of our diplomatic status from the title of ambassador to the title of charge d'affaires does not mean nonrecognition, but rather continuity, and we have not been excluded from membership in the international financial organizations such as the IMF, World Bank for Development and Reconstruction....

Therefore, it is not disputable at all that our continuity has remained and that it is recognized by the international factors, so on this basis our country has all the rights implied by that. Not only to the reparation of war damages, but it will also raise the question of damages due to secession. One of the elements in that respect are certainly the sanctions. This country has existed for 70 years, and for that reason we disagree to apply for membership in the United Nations, as [former Prime Minister Milan] Panic proposed. Consequently, the subject of proprietary-legal division are all the things that were jointly financed. Furthermore, everything that was taken into the state must be considered as well. Which means that the issue is not about legal demonstrations, but rather about concrete material consequences for the state. Which, I must underline, has nothing to do with party membership. I swore not to make any statements for BORBA, because I am stunned by the quantity of texts that are quite unpatriotic, to put it mildly, and in which the state is accused of disregarding the sanctions, smuggling gas, calling for bombardment of Belgrade....

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As if there were no such people in Slovenia who believe that it was a secession, but you will not read about their attitudes in newspapers....

[Susa] So, what influenced you to make a statement for BORBA after all?

[Kutlesic] The desire to diminish misunderstandings, and that the public learns about the negotiating position of the FRY's delegation.

Salaries To Be Frozen 1 Jan To Boost Economy

LD2112141994 Belgrade TANJUG in English 1250 GMT 21 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 21 (TANJUG)—Salaries in Yugoslavia, some of which increased as much as 1000 percent in the past 10 months, will be temporarily frozen on January 1, 1995.

This measure was announced earlier this week by Yugoslav National Bank Governor Dragoslav Avramovic and Jovan Radic, Serbian minister for work and social policy.

Avramovic on Monday presented the new measures for the further recovery of the Yugoslav economy. He said the average salary 10 months ago, when the economic recovery program took effect, was 26 dinars (the Yugoslav dinar is equals to the German mark).

The average salary in November, however, was 249.45 dinars, as announced by the Yugoslav Bureau of Statistics.

Huge salary increases have resulted in pressure on the market and prices, Avramovic said. the present situation is opposite to the one that existed before the program's realization began, when salary increases could not keep up with soaring prices.

Minister Radic on Tuesday said any further increases of salaries would jeopardize the stabilization program. He said the agreed average salary for this year had been 64 dinars.

Salaries will be able to increase only after production increases, Radic said. Pensions will also be frozen, he added.

This measure is aimed at preserving the stability of the dinar, said Avramovic, who is the author of the present economic recovery program whose implementation began on Jan. 24 this year. The program reduced world record inflation to practically zero.

Under the program, the stability of the dinar is essential for the further stabilization and development of the Yugoslav economy.

Announcing the restrictive monetary policy whose objective is to maintain the money mass at the present level, Avramovic presented a series of new economic measures.

The measures include: balancing the federal and republican budgets, stimulating savings in the national currency, maintaining the policy of free formation of prices, stimulating exports, control of imports, stepped up control of banks, an antimonopoly law.

Belgrade Reports Power Supply at 'Alarming' Level

LD2112190294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1356 GMT 21 Dec 94

[FBIS Translated Excerpt] Belgrade, 21 Dec (TANJUG)—The executive committee of the Belgrade city assembly assessed today that electricity supplies, heating, and city transport are at a very low level and that the situation has become alarming.

Even protected consumers (hospitals, schools, heating plants) suffered power cuts today and it is expected that this situation will continue over the next few days as well. [passage omitted]

Sandzak: Cope With Arrests, SDA Disunion

AU2212101894 Zagreb VJESNIK in Serbo-Croatian 13 Dec 94 p 9

[Report by Nadira Avdic Vllasi: "On Top of Serbian Tortures, an Argument Within the SDA"]

[FBIS Translated Text] Panic-stricken with arrests and political processes, Sandzak inhabitants have been trying to save what is possible to save and survive in this area. The Muslim National Council of Sandzak [MNVS] has pointed out that the Serb side has been trying to conceal the achieved results in ethnic cleansing by using phrases about the rights of national minorities.

Immediately after 27 April 1992, when the "FRY" [Federal Republic of Yugoslavia] was established, the Muslims, until then a constitutive and state-forming people, were thrown out of the new Constitution. Since the beginning of the war, 211 Sandzak Muslims have been killed in the Sandzak area, where there has been no unrest. There is constant moving out of Sandzak due to various kinds of pressures or avoiding military service in the Serb Army. The Yugoslav authorities have passed a law banning the return to the country, which applies to most of the expelled. This primarily relates to the young who did not wish to take part in the wars in Slovenia, Croatia, and Bosnia-Herzegovina and fled abroad. Most of the Sandzak Muslims went to West European and Scandinavian countries, as well as Turkey. The MNSV has also reported that there was apartheid and ethnic cleansing carried out in this part of the "FRY". Over 320 facilities whose owners were Muslim have been destroyed; 55 private homes have been burnt or mined, 164 have been heavily damaged, 33 production facilities have been destroyed and 43 damaged, and 14 mosques damaged, of which two have been completely destroyed. In two and a half years, over 15,000 Muslims have undergone police treatment and cruel torture in police

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stations all over Sandzak, as well as in Kraljevo, Uzice, Subotica, and Belgrade. In the Priboj and Pljevlja municipalities, 45 villages and six hamlets have been completely ethnically cleansed of Muslims.

Apart from this, there is also a disunion within the SDA [Party of Democratic Action] of Sandzak that Bosnian President Alija Izetbegovic has recently attempted to calm down, with all the problems and the war in Bosnia-Herzegovina. The so-called moderate faction, headed by Rasim Ljajic, is trying what could be called impossible: Erect a little bridge toward the Serb side that would make at least some kind of survival of the Bosniak-Muslims possible under the Serb rule. On the other hand, less frightened and more open in supporting the integral Bosnia, with which they also demand confederate ties if this is made possible for the Serbs in Croatia and Bosnia-Herzegovina, the members of the so-called coordination body have addressed the public from the MNVS Secretariat, supporting Sulejman Ugljanin as the only leader.

The legal bodies of the SDA still function (the so-called coordination body no longer exists), which is a concession to Ljajic's faction, but Sulejman Ugljanin remained head of the SDA, and the mutual accusations through the Serb media have stopped at least temporarily.

Through SANDZAK, other decisions made at the talks in Sarajevo were also issued, among which the one that the "politics supported by the SDA Head Committee headed by Ljajic is not considered a traitor line, but it is rather an issue of various methods for achieving the same political goal." They also insist on democratization within the party and acknowledging different opinions "without threats and physical assaults on individuals because of publicly stated positions."

Sulejman Ugljanin, president of the SDA for Sandzak, who, because of threats of arrest and physical torture, has not been able to return to Novi Pazar from abroad, has recently addressed members of the Contact Group for Bosnia-Herzegovina, reminding them of the beginning of the war drama and accusing the international community of allowing the genocide over the Bosniaks and of taking different measures toward the different peoples of the former Yugoslavia, referring to the proposals for confederate ties of parts of the people with their mother country. Ugljanin demanded that, in the name of the principle that the Contact Group has referred to, the problem in Bosnia-Herzegovina and the Serbs in Croatia and Bosnia-Herzegovina also be resolved. He also remarked that he did not want to believe that the Bosniaks are being denied that right just because they did not win it by force—that is, by killing civilians, with concentration camps and so on, but instead they have demanded them in a democratic way and through diplomatic means.

Serbia

Kostunica Says Carter's Mission 'Encouraging'

LD2112214594 Belgrade TANJUG in English 1730 GMT 21 Dec 94

[FBIS Transcribed Text] Belgrade, Dec. 21 (TANJUG)—Serbian political parties on Wednesday had either positive or reserved reactions to former U.S. President Jimmy Carter's peace mission in war-torn Bosnia.

Democratic Party of Serbia President Vojislav Kostunica told a press conference that early statements by Carter who visited former Yugoslavia from Sunday to Tuesday were "encouraging."

Kostunica, who leads Serbia's fifth-strongest party, said that this referred above all to Carter's statements which announced a ceasefire.

Also encouraging, he said, were Carter's statements which determined the character of the international "Contact Group" plan as a basis for negotiations on all points.

The five-nation Contact Group (United States, Russia, Great Britain, France, Germany) in July offered a peace plan giving Bosnian Serbs 49 percent and the Muslim-Croat Federation 51 percent of the former Bosnia-Herzegovina's territory.

The Bosnian Serbs rejected parts of the plan, considering them unjust.

Kostunica said that, when Carter was included in the peace process at the initiative of the Bosnian Serbs, this process became unblocked. "After this unblocking of the peace process we hope that the international community will have a more constructive approach," said Kostunica.

He added that the new initiative ensured direct talks between the warring sides. Without the Bosnian Serbs, he said, there would be no talks and peace arrangements.

Kostunica underscored that the fact that diplomats were arriving in the Srpska republic's territory was giving legitimacy to the Serb side.

Civic Union of Serbia Vice President Zarko Korac said that Carter's mission launched a new round of persuading the Bosnian Serbs to accept compromise solutions.

Korac told a press conference that more talks were now being held than before with the Bosnian Serb leaders, who, however, as he put it, had not changed their rhetorics and still want their own state.

Korac said the situation in Bosnia-Herzegovina was still vague partly as a result of a large number of different negotiators who make different statements about the same things.

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Milosevic To Meet With Contact Group 21 Dec

AU2112135394 Paris AFP in English 1330 GMT 21 Dec 94

[FBIS Transcribed Text] Belgrade, Dec 21 (AFP)—Serbian President Slobodan Milosevic was to meet Wednesday afternoon [21 December] with representatives of the five-nation "Contact Group" on Bosnia, diplomats said here.

Britain, France, Germany, Russia and the United States make up the Contact Group.

The meeting comes a day after former U.S. President Jimmy Carter announced that the warring parties in Bosnia had agreed to a truce starting Friday.

Bosnia Peace Process Discussed

LD2112182594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1729 GMT 21 Dec 94

[FBIS Translated Text] Belgrade, 21 Dec (TANJUG)—Serbian President Slobodan Milosevic today received the Contact Group, made up of the representatives of Russia, the United States, Great Britain, France, and Germany, the office of the president of the republic has announced.

"Views were exchanged in connection with the course of the peace process in the former Bosnia-Herzegovina, and the further steps that should be taken in order to successfully continue and complete it," the statement says.

It is added that the development hitherto of elements of the peace plan was assessed positively, something that confirms the efforts of the international community to enable peace to prevail in the war-affected areas of the former Bosnia-Herzegovina.

Expression was given to the joint expectation that, in keeping with this development and the successful mediation of President [title as received] Jimmy Carter between the sides in the conflict in Bosnia-Herzegovina in the creation of conditions for advancing the peace process, the peace process would be continued through negotiations on the whole peace package.

The statement says that Yugoslav Foreign Minister Vladislav Jovanovic also took part in the talks.

Talks 'Confidential'

AU2112183394 Belgrade Radio Beograd Network in Serbo-Croatian 1800 GMT 21 Dec 94

[FBIS Translated Text] After talks with Serbian President Slobodan Milosevic, Contact Group members gave brief statements for the public. Jelena Vidic was there:

[Begin Vidic recording] (Michael Steiner), the German representative in the Contact Group, assessed that the talks with the Serbian president were useful and confidential. The Russian representative Aleksandr Zotov said:

[Zotov in English, with superimposed translation] I can only repeat that this was a very useful and constructive meeting that could inspire hope for the continuation of the peace process. [end recording]

SPS Vice President Receives British Officials

AU2112161794 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 21 Dec 94

[FBIS Translated Text] A British parliamentary delegation, led by Robert Waering, was received by Goran Percevic, vice president of the Serbian Socialist Party [SPS]. Let us hear what Percevic said after the talks:

[Begin recording] The fact is, we held talks with an official British Parliament delegation today; the first official delegation of the British Parliament that has come since the introduction of sanctions against our country. This represents a further affirmation of the peace policy pursued by Yugoslavia and Serbia since the beginning of the outbreak of the Yugoslav crisis. I believe it important that we agreed that a general agreement on a cessation of hostilities is an important precondition for the continuation of the talks and that the lifting of the sanctions against our country is a preconditions without which there can be no normalization of relations on the territory of the former Yugoslavia.

We, I can say, agreed completely in these views and I believe that we also assessed that Britain at the moment is playing a constructive role in the resolution of the crisis on the territory of the former Yugoslavia. [end recording]

Discuss Bosnia, Sanctions

LD2112224494 Belgrade TANJUG in English 1918 GMT 21 Dec 94

["Pool" item]

[FBIS Transcribed Text] Belgrade, Dec. 21 (TANJUG)—A delegation of British parliamentarians and Socialist Party of Serbia [SPS] Vice President Goran Percevic on Wednesday called for a cessation of hostilities in Bosnia and the lifting of the sanctions against Yugoslavia.

Percevic said after the talk with the British M.P's that the two elements were conditions for the resumption of the peace talks on Bosnia-Herzegovina and the normalization of relations on the territory of the former Yugoslavia.

Percevic, whose party has a majority in both the Yugoslav parliament and the Serbian legislature, conferred with the three-member official British parliamentary delegation, headed by All Party British-Yugoslav Parliamentary Group Chairman Robert Wareing [name and title as received].

The British parliamentarians arrived on the visit to Yugoslavia and Serbia on Tuesday.

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Wareing said after the talks he hoped the Yugoslav and Serbian governments would be able to persuade the Bosnian Serb Republic to accept the international "Contact Group" plan.

He said the Contact Group plan should be accepted by the Bosnian Serbs not as a final solution but as a chance for talks on the future constitution and exchange of territories.

The British opposition M.P. said respect for human rights was of great importance in Bosnia-Herzegovina and in general on all of the territory of the former Yugoslavia.

Wareing said former United States President Jimmy Carter's mediating mission in the former Yugoslavia early this week was important also because the United States played an important role in terms of the lifting of the United Nations sanctions against Yugoslavia.

The British M.P. said he believed Carter had been able to see for himself that Serbs were not to blame for everything and that Western media had at times communicated wrong impressions. He said he hoped Carter would inform President Bill Clinton of this.

The head of the British parliamentary delegation said he believed all warring sides in Bosnia-Herzegovina had made mistakes but pressure should have been put also on the Muslim government and Croats.

Wareing said he had criticized the British Government for prematurely recognizing the breakaway Yugoslav Republics Slovenia and Croatia, in particular Croatia, because that had had an impact on the outbreak of the conflict in Bosnia-Herzegovina.

Wareing said Britain was only second to France in terms of the number of United Nations peacekeepers in Bosnia-Herzegovina. He criticized those who urged air strikes and military intervention and said the lives of British U.N. peacekeepers were in danger.

He said the British Government wanted a peaceful resolution of the crisis in Bosnia-Herzegovina and did not support the lifting of the United Nations arms embargo.

The British parliamentary delegation was received on Wednesday also by Serbian Deputy Premier and Minister of Science and Technology Slobodan Unkovic.

A Serbian Government statement said the talk covered concrete forms of cooperation between the two countries in the current conditions and after the lifting of the sanctions against Yugoslavia.

The British parliamentarians were received also by Serbian Information Minister Ratomir Vico with whom they mainly discussed the role of Yugoslav and foreign media in the crisis in the former Yugoslavia.

EU-U.S. Differences on Lifting Sanctions

AU2212101994 Belgrade POLITIKA in Serbo-Croatian 12 Dec 94 p 2

[Commentary by Zarko Rakic: "Europe Versus the United States"]

[FBIS Translated Text] The 52d summit conference of the European Union [EU] held in the German "capital of steel"—Essen—was conceived as the meeting in which the foundations for the 21st-century Union would be planned. The 12 member countries could, however, not avoid a long discussion of the Balkan crisis. In the end, the summit adopted the concluding document about the former Yugoslavia, which gave this gathering of the West European leaders a special stamp.

If the outcome of the Essen summit conference and the documents adopted there are analyzed, there is the impression that the leaders of the 12 firmly reaffirmed the basic European intention—to bring the war in Bosnia-Herzegovina to an end by applying exclusively diplomatic means and negotiations, excluding all battlefield activities. "Europe has finally decided to negotiate the Bosnian crisis," John Major, the British prime minister and one of the summit conference participants, said.

This attitude of the Union is completely different from the increasingly loud war cries from Washington, where the Republican Party leaders require unlimited military support for the Bosnian Muslims and even open NATO intervention against the Serbs. Mr. Francois Mitterrand, the French president, was the loudest among those in Essen who condemned "the demagoguery and the intellectual dishonor" of the countries that support the war option. Criticizing the United States of America on the war option would be "a foolish act," he said.

The European leaders were also unanimous in opposing the requirements for the withdrawal of UN forces from Bosnia, which predominantly come from the United States again. The participants of the conference agreed that the departure of "blue helmets" would have catastrophic consequences, so that the UN Protection Force mission was fully supported in the concluding document on the crisis in the former Yugoslavia.

The question of softening sanctions against Yugoslavia pointed to profound differences between Europe and the United States. It is extremely important for us that the EU leaders determined—admittedly in an indirect way—what conditions have to be fulfilled in order that the international sanctions against the Federal Republic of Yugoslavia [FRY] can be softened. These conditions can be divided into three groups.

The most important is to establish permanent cease-fire in Bosnia-Herzegovina and to start implementing the Contact Group peace plan. Regarding this plan it can be said that the EU considers that all three parties to the conflict can take this plan as "the basis for the search of

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a solution." It is added in the concluding document that "the European 12 think that the question of the territorial separation should be solved through mutual agreements between the parties to the conflict, and that constitutional arrangements, which will also be harmonized between the parties to the conflict, should make it possible to preserve the integrity of Bosnia-Herzegovina and to create equal and balanced solutions for the Croatian-Muslim and the Bosnian Serb entities."

Interpreting this attitude, the participants of the conference explained that this is a significant concession to the Bosnian Serbs because it guarantees them the right to create a "soft" confederal connection with the FRY.

The second condition for softening of the sanctions against Belgrade is that they prolong their blockade of the border to Bosnia on the Drina River.

In the document adopted in the EU summit conference the mutual recognition of all former Yugoslav republics within their internationally recognized borders is required. This requirement is interpreted as the third condition for softening of the sanctions against Yugoslavia because most of the Union members consider that by this move Belgrade would considerably contribute to the final solution to the crisis in the former Yugoslavia.

There is the impression that the EU conference in Essen did not offer colossal solutions to the crisis in the Balkans. Certain things were cleared, however, and the Europeans openly showed that they did not agree with the one-sided U.S. policy any longer. And finally, the permanent orientation of the EU to solve the problem of Bosnia in a peaceful way clearly shows that West Europe wants to reach a permanent and just solution to this crisis.

EPS Denies Power Cuts To 'Protected' Users

LD2212011194 Belgrade TANJUG Domestic Service in Serbo-Croatian 2351 GMT 21 Dec 94

[FBIS Translated Text] Belgrade, 21 Dec (TANJUG)—The Serbian Electricity Board [EPS] early this evening denied that it had been disconnecting so-called protected consumers, such as hospitals, schools, and similar places.

In a statement, it also said that the planned simultaneous power cuts of three hours each for three groups at the time would continue tomorrow.

The EPS stated it produced 119 million kwh of electricity today, but that power consumption increased enormously during the day, with demands for over 130 million kwh.

This not being possible, it is necessary to restrict consumption in order not to endanger the energy system.

The statement of the EPS reads:

"Reports have appeared in the media that the EPS was disconnecting the protected consumers, such as hospitals, schools, and similar places. The EPS denies these reports, given that there were no power cuts longer than 15 minutes where a fault on the system was the cause.

"The EPS also wishes to inform its consumers that it made no statements on the extension of power cuts and the reports in the contravene the statement issued by the EPS concerning today's restrictions.

"In the case of cuts caused by a fault the EPS will not allow the disconnections of protected consumers, including buildings of special interest for the life and health of people, the economy, and the country's defense," the statement said.

Having announced the power cuts planned for the future, the EPS warned "consumers and some power network distribution areas that if during the day their electricity consumption goes beyond the one allowed this could lead to additional power cuts in order to protect the energy system."

PM on Stabilization Program Results, Future

AU2212101394 Belgrade POLITIKA in Serbo-Croatian 15 Dec 94 pp 1, 11

[Unattributed report: "Mirko Marjanovic: 'We Have To Be Ready for Lifting of the Sanctions'"]

[FBIS Translated Excerpt] Kragujevac, 14 December—Serbian Prime Minister Mirko Marjanovic, Deputy Prime Minister Slobodan Babic, Minister Milan Babic, and Federal Assembly Deputy Borisav Jovic and their aides visited Kragujevac today. First they talked with businessmen from the Sumadija region at the Town Assembly and continued talks at "Zastava," the largest Kragujevac and Serbian company. [passage omitted]

The Serbian prime minister commented on the general situation in the Serbian economy, on the stabilization program and the plans for the coming period.

"The coming years must be characterized by the stabilization of the economic policy. This means that we do not want to change the present orientation, in which the concept of healthy money and firm budget restrictions at all levels—especially at the level of the state—plays a central role," Mirko Marjanovic said in the talks with businessmen from the Sumadija region.

"Regarding the restricting factors or better to say conditions under which the economic policy will be implemented in 1995, it is necessary to elaborate additional measures for the case that international sanctions are softened. We have to be ready for the easing of the blockade because it will make it possible to achieve production growth, improve the balance of payments, pay outstanding debts and permit unfair competition from abroad," Marjanovic continued.

"It is especially important to decide on the sequence of steps to be taken toward international financial organizations and groups from single countries."

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Primarily owing to stable prices and the stable dinar exchange-rate, economic activity has been revived in 1994. It is expected that industrial production will exceed 1993 production levels by 3 percent. The growth of industrial production was exceptionally high in November. Production rose by 25 percent compared to the previous November.

One of the basic impediments for the further rise of production are problems with the purchase of raw materials, fuel and spare parts, especially those which must be imported, so that our activities will be directed at solving these problems in the coming period. If the international community softens or lifts the sanctions, this will enable the industrial production to grow by significantly more than 10 percent; we have planned to reach a 10-percent growth of industrial production in 1995 if the conditions remain restrictive.

The October incomes confirm that the rising trend noticed in the second half of the year is stagnant.

The average October income was 238 dinars and it exceeded the average September income by 7 percent. Since the introduction of the stabilization program, average incomes have risen by more than nine times. The purchasing power has risen parallel with it. The "consumer's basket" could be filled in February with 6.2 average incomes; these costs were reduced to 2.5 average monthly incomes and have remained constant during the last couple of months. The incomes will be formed freely also in the coming year—with the exception of public services and companies—and we shall make them even more dependent on the profits made," the Serbian prime minister said among other things.

"The Serbian Government will use its powers to continue to decisively carry out the program of economic stabilization. This means that public spending will be financed without a budget deficit and that a pricing policy will be made which will put an end to monopolist behavior and speculations on the one hand and enable the supply with basic products at stable prices on the other. Social programs will be fully activated in order to relieve the problem of overemployment, to protect the poorest social classes, to grant compensations to the temporarily unemployed, and to those workers who have lost their jobs for economic or other reasons. The work of public companies will be organized in a way that will enable them to efficiently work for both the population and the economy. The position of agriculture will be improved, and we shall enable the state to perform its security and other basic functions as efficiently as they are performed now, although our budget is very modest," Marjanovic said.

"Nobody can deny the results achieved in 1994, especially regarding the rise in GNP, the achievement of stable prices and healthy money as well as the significant rise in incomes and the standard of living in general. The Serbian Government is encouraged by the fact that a large majority of the population and companies want us to continue the policy which has borne fruit in 1994. We are primarily expected to prevent inflation from rising again. Having this in mind we shall soon propose a realistic and balanced budget in the National Assembly. All other economic policy measures will be determined by the requirements of the stabilization program," Serbian Prime Minister Mirko Marjanovic said at the end of the talks. [passage omitted]

Kosovo

TANJUG Assesses Rugova's 'Wide Support'

LD2112144994 Belgrade TANJUG in English 1301 GMT 21 Dec 94

["Pool" item by Djorde Jevtic]

[FBIS Transcribed Text] Pristina, Dec. 21 (TANJUG)—It is not easy to conclude whether Ibrahim Rugova, ethnic Albanian separatist leader in Serbia's southern province of Kosovo and Metohija, has truly received 'wide support' for his ideas from U.S. and German officials, or his latest statements are merely another propaganda trick.

Analysts are already well acquanted with Rugova's habit of never expressing himself fully and often quoting other officials so that their stands seem vague and leave enough room for speculation.

His staff in charge of propaganda is therefore always active, trying to 'clarify' his statements internally and offer assurances that their separatist goals are achievable.

Such wishes have been expressed for years but the number of those who still believe they can be fulfilled is smaller by day.

Rugova has himself played down his claims about a 'major support' that have been carried by the Albanian-language daily BUJKU and some foreign advocators of Kosovo's secession from Serbia and Yugoslavia.

For example, Bujku claims that German Foreign Minister Klaus Kinkel had backed the idea about some form of international protectorate in Kosovo.

However, in an interview with Albanian television on Sunday, Rugova was more reseved. He said he and Kinkel had discussed the 'question of civilian administration' but did not specify whether the German minister had backed the idea or not.

It seems beyond doubt, however, that Rugova's European collocutors, including primarily Kinkel, believe that Kosovo should 'again have a broad autonomy,' but the implications of the phrase are not clear.

Under the Serbian Constitution, the province of Kosovo and Metohija has an autonomy, but ethnic Albanians refuse to exert it.

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Secession-minded political leaders of the Albanian minority have been trying for the past several decades to secede the province from Serbia and Yugoslavia.

They have been boycotting dialogue with the Serbian and Yugoslav authorities and participation in political organs. Moreover, they have organized illegal, parallel bodies and proclaimed a self-styled 'republic of Kosovo.'

In the provincial center of Pristina, there has been much talk lately about the need to constitute legal provincial organs that would include ethnic Albanians who accept Serbia as their state.

Such talk, however, has provoked serious anger among separatists against their fellow-compatriots, whom they qualified as national traitors and 'political fossils.'

Rugova has proposed (or conveyed someone else's proposal about) an 'international civilian administration' or a 'provisional official state over a transition period.' Under the proposal, the situation in the province would first normalize and institutions become operational, Kosovo would be demilitarized and talks about its future would then be initiated.

The request for international 'civilian administrators,' who would be uncalled-for in a country that has no conflicts in its territory, therefore sounds cynical, if not naive.

Starting from the idea promoted by ethnic Albanian media that Kosovo should be treated in the same way as the former Yugoslav republics, Rugova and his mentors have lately also proposed a 'confederation of Kosovo and Albania.'

The idea was launched immediately after a similar proposition was mentioned for the Bosnian Serb republic and the Federal Republic of Yugoslavia.

In the interview with Albanian television, carried by the daily BUJKU, Rugova said this was not merely an idea 'but a project' initiated back in 1991.

However, he said nothing about reactions among European and U.S. officials to his 'project.'

Naturally, Rugova has always carefully avoided to mention the fact that ethnic Albanians in Kosovo are a minority population that was not a constituent people either in the former or in the present Yugoslavia, so that, under international law, they are not entitled to any form of state.

Serb Students Protest Government-Run University

AU2112123394 Pristina KOSOVA DAILY REPORT 20 Dec 94 in English No 512

[FBIS Transcribed Text] Last night, a large number of the Serbian students of the Serb-run University of Prishtina protested against the Serbian installed authorities of this university. It has been reported that the students called on Radivoje Papovic, installed rector of this university, to step down, they also called the present installed authorities in Kosova "crvena bando" (red gang) etc.. Unofficial reports indicate that there has also been confrontation and fighting between the students housed at the student dormitories in Prishtina. The Serbian media, with the exception of Belgrade-based VECERNJE NOVOSTI kept the event in silence.

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